

APPLICATION FOR INITIATIVE OR REFERENDUM PETITION SERIAL NUMBER


Secretary of State
1700 W. Washington Street, 7th Floor
Phoenix, AZ 85007

SECRETARY OF STATE

The undersigned intends to circulate and file an INITIATIVE or a REFERENDUM (circle the appropriate word) petition and hereby makes application for the issuance of an official serial number to be printed in the lower right-hand corner of each side of each signature sheet of such petition. Pursuant to Arizona Revised Statutes § 19-111, attached hereto is the full text, in no less than eight point type, of the MEASURE or CONSTITUTIONAL AMENDMENT (circle appropriate word) intended to be INITIATED or REFERRED (circle appropriate word) at the next general election.

SUMMARY: A description of no more than one hundred words of the principal provisions of the proposed law, constitutional amendment or measure that will appear in no less than eight point type on the face of each petition signature sheet to be circulated.

Requires lobbyists to disclose all meals purchased for elected officials and bans lobbyist funded travel or speaking engagements; improves Clean Elections funding for candidates, reforming initial funding and providing matching contributions from small donors; reduces contribution limits for nonparticipating candidates to \$1000 for legislative and local candidates and \$2500 for statewide candidates; requires corporations that spend more than \$10,000 in elections to disclose high dollar donors; bans government contractors from contributing to candidates while negotiating or working under government contracts; prevents former government officials from representing clients before agencies and officials for two years after leaving their government positions.


Signature of Applicant
Samantha Pstross
Printed Name of Applicant
530 E McDowell Road, Suite 107-291
Address
Phoenix, Arizona 85004
City State Zip
(520) 276-0593
Telephone Number

Arizonans for Clean and Accountable Elections

Name of Organization (if any)
530 E McDowell Road, Suite 107-291
Address
Phoenix, Arizona 85004
City State Zip
(520) 276-0593
Telephone Number
Samantha Pstross, Chair
Name of Officer and Title
530 E McDowell Road, Suite 107-291
Address
Phoenix, Arizona 85004
City State Zip
(520) 276-0593
Telephone Number
Mary Chlan, Treasurer
Name of Officer and Title
530 E McDowell Road, Suite 107-291
Address
Phoenix, Arizona 85004
City State Zip
(520) 276-0593
Telephone Number

| | |
|----------------------|--------------|
| Date of Application | 4/12/2016 |
| Signatures Required | 150,642 |
| Deadline for Filing | JULY 7, 2016 |
| Serial Number Issued | I-25-2016 |
| FOR OFFICE USE ONLY | |

Revised 11/92

CT # 201600532

OFFICIAL TITLE
AN INITIATIVE MEASURE

SECRETARY OF STATE

AMENDING TITLE 16, CHAPTER 6, ARTICLE 1, SECTIONS 16-901, 16-904, 16-905, 16-906, 16-907, 16-908, 16-909, 16-910, 16-911, 16-912, 16-913, 16-914, 16-915, 16-916, 16-917, 16-918, 16-919, 16-920, 16-921, 16-922, 16-923, 16-924, 16-925, 16-926, 16-927, 16-928, 16-929, 16-930, 16-931, 16-932, 16-933, 16-934, 16-935, 16-936, 16-937, 16-938, 16-939, 16-940, 16-941, 16-942, 16-943, 16-944, 16-945, 16-946, 16-947, 16-948, 16-949, 16-950, 16-951, 16-952, 16-953, 16-954, 16-955, 16-956, 16-957, 16-958, 16-959, 16-960, 16-961, ARIZONA REVISED STATUTES; AMENDING TITLE 16, CHAPTER 6, ARTICLE 2, SECTIONS 16-941, 16-942, 16-943, 16-945, 16-950, 16-951, 16-952, 16-954, 16-955, 16-956, 16-959, 16-961, ARIZONA REVISED STATUTES; AMENDING TITLE 38, CHAPTER 3, ARTICLE 8, SECTION 38-504, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER ONE, ARTICLE 5, SECTION 41-192; AMENDING TITLE 41, CHAPTER 7, ARTICLE 8.1, SECTIONS 41-1231, 41-1232.02, 41-1232.02, 41-1232.03, 41-1233, 41-1239, ARIZONA REVISED STATUTES; RELATING TO CAMPAIGN FINANCING AND LOBBYIST ACTIVITIES

TEXT OF PROPOSED AMENDMENT

Be it enacted by the People of the State of Arizona:

Section 1. Short Title

This act may be cited as the "Arizona Clean and Accountable Elections Act"

Sec. 2. Section 16-901, Arizona Revised Statutes, is amended to read:

16-901. Definitions

In this chapter, unless the context otherwise requires:

1. "Agent" means, with respect to any person other than a candidate, any person who has oral or written authority, either express or implied, to make or authorize the making of expenditures as defined in this section on behalf of a candidate, any person who has been authorized by the treasurer of a political committee to make or authorize the making of expenditures or a political consultant for a candidate or political committee.

2. "Candidate" means an individual who receives or gives consent for receipt of a contribution for his nomination for or election to any office in this state other than a federal office.

3. "Candidate's campaign committee" means a political committee designated and authorized by a candidate.

4. "Clearly identified candidate" means that the name, a photograph or a drawing of the candidate appears or the identity of the candidate is otherwise apparent by unambiguous reference.

5. "Contribution" means any gift, subscription, loan, advance or deposit of money or anything of value made, USED, OR RECEIVED for the purpose of influencing an election including supporting or opposing the recall of a public officer or supporting or opposing the circulation of a petition for a ballot measure, question or proposition or the recall of a public officer and:

(a) Includes all of the following:

(i) A contribution made to retire campaign debt.

(ii) Money or the fair market value of anything directly or indirectly given or loaned to an elected official for the purpose of defraying the expense of communications with constituents, regardless of whether the elected official has declared his candidacy.

(iii) The entire amount paid to a political committee to attend a fund-raising or other political event and the entire amount paid to a political committee as the purchase price for a fund-raising meal or item, except that no contribution results if the actual cost of the meal or fund-raising item, based on the amount charged to the committee by the vendor, constitutes the entire amount paid by the purchaser for the meal or item, the meal or item is for the purchaser's personal use and not for resale and the actual cost is the entire amount paid by the purchaser in connection with the event. This exception does not apply to auction items.

(iv) Unless specifically exempted, the provision of goods or services without charge or at a charge that is less than the usual and normal charge for such goods and services. The acquisition or use of campaign assets by a committee that are paid for with the candidate's personal monies, including campaign signs and other similar promotional materials, is a contribution and is reportable by the candidate's campaign committee as a contribution to the campaign.

(v) PAYMENT OF A COMMITTEE'S LEGAL OR ACCOUNTING EXPENSES BY ANY PERSON, UNLESS THE ONLY PERSON PAYING FOR THE SERVICES IS THE REGULAR EMPLOYER OF THE INDIVIDUAL RENDERING THE SERVICES AND IF THE SERVICES ARE SOLELY FOR THE PURPOSE OF COMPLIANCE WITH THIS TITLE.

(vi) PAYMENT BY A POLITICAL PARTY TO SUPPORT ITS NOMINEE IN ANY FASHION NOT EXPLICITLY EXEMPTED WITHIN THIS SECTION.

(b) Does not include any of the following:

(i) The value of services provided without compensation by any individual who volunteers on behalf of a candidate, a candidate's campaign committee or any other political committee.

(ii) Money or the value of anything directly or indirectly provided to defray the expense of an elected official meeting with constituents if the elected official is engaged in the performance of the duties of his office or provided by the state or a political subdivision to an elected official for communication with constituents if the elected official is engaged in the performance of the duties of his office.

(iii) The use of real or personal property, including a church or community room used on a regular basis by members of a community for noncommercial purposes, that is obtained by an individual in the course of volunteering personal services to any candidate, candidate's committee or political party, and the cost of invitations, food and beverages voluntarily provided by an individual to any candidate, candidate's campaign committee or political party in rendering voluntary personal services on the individual's residential premises or in the church or community room for candidate-related or political party-related activities, to the extent that the cumulative value of the invitations, food and beverages provided by the individual on behalf of any single candidate does not exceed one hundred dollars with respect to any single election.

(iv) Any unreimbursed payment for personal travel expenses made by an individual who on his own behalf volunteers his personal services to a candidate.

(v) The payment by a political party for party operating expenses, party staff and personnel, party newsletters and reports, voter registration and efforts to increase voter turnout, party organization building and maintenance and printing and postage expenses for slate cards, sample ballots, other written materials that substantially promote three or more nominees of the party for public office and other election activities not related to a specific candidate, except that this item does not apply to costs incurred with respect to a display of the listing of candidates made on telecommunications systems or in newspapers, magazines or similar types of general circulation advertising.

(vi) Independent expenditures.

(vii) Monies loaned by a state bank, a federally chartered depository institution or a depository institution the deposits or accounts of which are insured by the federal deposit insurance corporation or the national credit union administration, other than an overdraft made with respect to a checking or savings account, that is made in accordance with applicable law and in the ordinary course of business. In order for this exemption to apply, this loan shall be deemed a loan by each endorser or guarantor, in that proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors, the loan shall be made on a basis that assures repayment, evidenced by a written instrument, shall be subject to a due date or amortization schedule and shall bear the usual and customary interest rate of the lending institution.

(viii) A gift, subscription, loan, advance or deposit of money or anything of value to a national or a state committee of a political party specifically designated to defray any cost for the construction or purchase of an office facility not acquired for the purpose of influencing the election of a candidate in any particular election.

(ix) Legal or accounting services rendered to or on behalf of a political committee or a candidate, if the only person paying for the services is the regular employer of the individual rendering the services and if the services are solely for the purpose of compliance with this title.

(x) The payment by a political party of the costs of campaign materials, including pins, bumper stickers, handbills, brochures, posters, party tabloids and yard signs, used by the party in connection with volunteer activities on behalf of any nominee of the party or the payment by a state or local committee of a political party of the costs of voter registration and get-out-the-vote activities conducted by the committee if the payments are not for the costs of campaign materials or activities used in connection with any telecommunication, newspaper, magazine, billboard, direct mail or similar type of general public communication or political advertising.

(xi) Transfers between political committees to distribute monies raised through a joint fund-raising effort in the same proportion to each committee's share of the fund-raising expenses and payments from one political committee to another in reimbursement of a committee's proportionate share of its expenses in connection with a joint fund-raising effort.

(xii) An extension of credit for goods and services made in the ordinary course of the creditor's business if the terms are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation and if the creditor makes a commercially reasonable attempt to collect the debt, except that any extension of credit under this item made for the purpose of influencing an election that remains unsatisfied by the candidate after six months, notwithstanding good faith collection efforts by the creditor, shall be deemed receipt of a contribution by the candidate but not a contribution by the creditor.

(xiii) Interest or dividends earned by a political committee on any bank accounts, deposits or other investments of the political committee.

6. "Earmarked" means a designation, instruction or encumbrance that results in all or any part of a contribution or expenditure being made to, or expended on behalf of, a clearly identified candidate or a candidate's campaign committee.

7. "Election" means any election for any initiative, referendum or other ballot measure, question or proposition or a primary, general, recall, special or runoff election for any office in this state other than the office of precinct committeeman and other than a federal office. For the purposes of §§ 16-903 and 16-905, the general election includes the primary election.

8. "Election cycle" means the period beginning twenty-one days after a general election and ending twenty days after the next successive general election for a particular elected office for the purposes of §§ 16-903 and 16-905.

9. "Expenditures" includes any purchase, payment, distribution, loan, advance, deposit or gift of money or anything of value made by a person for the purpose of influencing an election in this state including supporting or opposing the recall of a public officer or supporting or opposing the circulation of a petition for a ballot measure, question or proposition or the recall of a public officer and a contract, promise or agreement to make an expenditure resulting in an extension of credit and the value of any in-kind contribution received. Expenditure does not include any of the following:

(a) A news story, commentary or editorial distributed through the facilities of any telecommunications system, newspaper, magazine or other periodical publication, unless the facilities are owned or controlled by a political committee, political party or candidate.

(b) Nonpartisan activity designed to encourage individuals to vote or to register to vote.

(c) The payment by a political party of the costs of preparation, display, mailing or other distribution incurred by the party with respect to any printed slate card, sample ballot or other printed listing of three or more candidates for any public office for which an election is held, except that this subdivision does not apply to costs incurred by the party with respect to a display of any listing of candidates made on any telecommunications system or in newspapers, magazines or similar types of general public political advertising.

(d) The payment by a political party of the costs of campaign materials, including pins, bumper stickers, handbills, brochures, posters, party tabloids and yard signs, used by the party in connection with volunteer activities on behalf of any nominee of the party or the payment by a state or local committee of a political party of the costs of voter registration and get-out-the-vote activities conducted by the committee if the payments are not for the costs of campaign materials or activities used in connection with any telecommunications system, newspaper, magazine, billboard, direct mail or similar type of general public communication or political advertising.

(e) Any deposit or other payment filed with the secretary of state or any other similar officer to pay any portion of the cost of printing an argument in a publicity pamphlet advocating or opposing a ballot measure.

10. "Exploratory committee" means a political committee that is formed for the purpose of determining whether an individual will become a candidate and that receives contributions or makes expenditures of more than five hundred dollars in connection with that purpose.

11. "Family contribution" means any contribution that is provided to a candidate's campaign committee by a parent, grandparent, spouse, child or sibling of the candidate or a parent or spouse of any of those persons.

12. "Filing officer" means the office that is designated by § 16-916 to conduct the duties prescribed by this chapter.

13. "Identification" means:

(a) For an individual, his name and mailing address, his occupation and the name of his employer.

(b) For any other person, including a political committee, the full name and mailing address of the person. For a political committee, identification includes the identification number issued on the filing of a statement of organization pursuant to § 16-902.01.

14. "Incomplete contribution" means any contribution received by a political committee for which the contributor's mailing address, occupation, employer or identification number has not been obtained and is not in the possession of the political committee.

15. "Independent expenditure" means an expenditure by a person, ~~or political committee~~ OR ENTITY REGARDLESS OF LEGAL FORM, other than a candidate's campaign committee OR A BALLOT MEASURE COMMITTEE SUPPORTING A MEASURE, that expressly advocates the election or defeat of a clearly identified candidate OR BALLOT MEASURE, that is made without cooperation or consultation with any candidate, ~~or committee~~ or agent of the candidate, OR A BALLOT MEASURE COMMITTEE SUPPORTING A MEASURE and that is not made in concert with or at the request or suggestion of a candidate, or any committee or agent of the candidate, OR A BALLOT MEASURE COMMITTEE SUPPORTING A MEASURE. Independent expenditure includes an expenditure that is subject to the requirements of § 16-917, which requires a copy of campaign literature or advertisement to be sent to a candidate OR BALLOT MEASURE named or otherwise referred to in the literature or advertisement.

16. "In-kind contribution" means a contribution of goods or services or anything of value and not a monetary contribution. The use by a candidate's campaign committee of a distinctive trade name, trademark or trade dress item, including a logo, that is owned by a business or other entity that is owned by that candidate or in which the candidate has a controlling interest is deemed to be an in-kind contribution to the candidate's campaign committee and shall be reported as otherwise prescribed by law.

17. "Itemized" means that each contribution received or expenditure made is set forth separately.

18. "Literature or advertisement" means information or materials that are mailed, distributed or placed in some medium of communication for the purpose of influencing the outcome of an election.

19. "Personal monies" means any of the following:

(a) Except as prescribed in paragraph 16 of this section, assets to which the candidate has a legal right of access or control at the time he becomes a candidate and with respect to which the candidate has either legal title or an equitable interest.

(b) Salary and other earned income from bona fide employment of the candidate, dividends and proceeds from the sale of the stocks or investments of the candidate, bequests to the candidate, income to the candidate from trusts established before candidacy, income to the candidate from trusts established by bequest after candidacy of which the candidate is a beneficiary, gifts to the candidate of a personal nature that have been customarily received before the candidacy and proceeds received by the candidate from lotteries and other legal games of chance.

(c) The proceeds of loans obtained by the candidate that are not contributions and for which the collateral or security is covered by subdivision (a) or (b) of this paragraph.

(d) Family contributions.

20. "Political committee" means ~~any of the following:~~ AN ASSOCIATION OR COMBINATION OF PERSONS ORGANIZED FOR OR OPERATING WITH A PRIMARY PURPOSE OF INFLUENCING THE RESULT OF AN ELECTION, AND THAT RECEIVES CONTRIBUTIONS OR MAKES EXPENDITURES, IN ANY COMBINATION, OF AT LEAST ONE THOUSAND DOLLARS IN CONNECTION WITH ANY ELECTION DURING A CALENDAR YEAR. EXAMPLES OF POLITICAL COMMITTEES INCLUDE:

(a) A candidate or a candidate's campaign committee.

(b) A separate, segregated fund established pursuant to § 16-920, subsection A, paragraph 3.

(c) An association or combination of persons that circulates petitions in support of the qualification of a ballot measure, question or proposition.

(d) An association or combination of persons that circulates a petition to recall a public officer.

(e) A political party.

~~(f) An association or combination of persons that meets both of the following requirements:~~

~~(i) Is organized, conducted or combined for the primary purpose of influencing the result of any election in this state or in any county, city, town or other political subdivision in this state, including a judicial retention election.~~

~~(ii) Knowingly receives contributions or makes expenditures of more than five hundred dollars in connection with any election during a calendar year, including a judicial retention election.~~

~~(g)~~(f) A political organization.

~~(h)~~(g) An exploratory committee.

(h) A CORPORATION, REGARDLESS OF NON-PROFIT OR TAX-EXEMPT STATUS, LIMITED LIABILITY COMPANY OR LABOR ORGANIZATION THAT OTHERWISE MEETS THIS DEFINITION.

21. "Political organization" means an organization that is formally affiliated with and recognized by a political party including a district committee organized pursuant to § 16-823.

22. "Political party" means the state committee as prescribed by § 16-825 or the county committee as prescribed by § 16-821 of an organization that meets the requirements for recognition as a political party pursuant to § 16-801, 16-802 or 16-804.

23. "Sponsoring organization" means any organization that establishes, administers or contributes financial support to the administration of, or that has common or overlapping membership or officers with, a political committee other than a candidate's campaign committee.

24. "Standing political committee" means a political committee that satisfies all of the following:

(a) Is active in more than one reporting jurisdiction in this state for more than one year.

(b) Files a statement of organization as prescribed by § 16-902.01, subsection F.

(c) Is any of the following as defined by paragraph 20 of this section:

(i) A separate, segregated fund.

(ii) A political party.

(iii) A political committee as ~~prescribed by paragraph 20, subdivision (f) of this section and that~~ is organized for the purpose of making independent expenditures.

(iv) A political organization.

25. "Statewide office" means the office of governor, secretary of state, state treasurer, attorney general, superintendent of public instruction, corporation commissioner or mine inspector.

26. "Surplus monies" means those monies of a political committee remaining after all of the committee's expenditures have been made and its debts have been extinguished.

Sec. 3. Section 16-904, Arizona Revised Statutes, is amended to read:

16-904. Treasurer; duties; records; civil penalty

A. No expenditure may be made for or on behalf of a political committee without the authorization of the treasurer or the treasurer's designated agent.

B. The treasurer shall maintain a record of all petty cash disbursements pursuant to subsection E, paragraph 4 of this section.

C. All receipts received by a political committee shall be deposited in an account as prescribed by § 16-902, subsection C. All monies of a political committee shall be segregated from, and may not be commingled with, the monies of any individual other than contributions by an individual.

D. A political committee shall exercise its best efforts to obtain the required information for any incomplete contribution received that is required to be itemized on a campaign finance report pursuant to § 16-915, subsection A, paragraph 3. A political committee will not be deemed to have exercised best efforts to obtain the required information unless the treasurer or the treasurer's agent has made at least one effort after the receipt of the contribution to obtain the missing information by a written request sent to the contributor or by oral contact with the contributor documented in writing and shall comply with the following:

1. The request must clearly ask for the missing information and inform the contributor that the committee is required by law to obtain the mailing address, occupation and employer of each individual contributor and the mailing address and identification number of each political committee contributor.

2. Any information required for the identification of a contributor received by the political committee after the contribution has been disclosed on a campaign finance report required pursuant to § 16-913 shall be reported on an amended report.

E. The treasurer of a political committee is the custodian of the committee's books and accounts and shall keep an account of all of the following:

1. All contributions or other monies received by or on behalf of the political committee.

2. The identification of any individual, INCLUDING THE INDIVIDUAL'S OCCUPATION AND EMPLOYER, or political committee that makes any contribution together with the date and amount of each contribution and the date of deposit into a designated account.

3. Cumulative totals contributed by each individual or political committee.

4. The name and address of every person to whom any expenditure is made, the date, amount and purpose or reason for the expenditure and, except in the case of an expenditure by a candidate's campaign committee, the name of the candidate and the office sought by the candidate if the expenditure was made on behalf of or in opposition to a candidate.

5. All periodic or other statements for each account prescribed by § 16-902, subsection C.

F. For any political committee that has filed a five hundred dollar threshold exemption statement pursuant to § 16-902.01, subsection B:

1. The political committee and treasurer shall maintain a record of all contributions received and expenditures made by the political committee. If the political committee exceeds the five hundred dollar limit, the political committee shall amend its statement of organization, file a report of its contributions and expenditures pursuant to § 16-913 and comply with all reporting requirements.

2. For a political committee that does not exceed its five hundred dollar threshold, the political committee terminates at the end of the election cycle for which it was formed, shall file a termination statement as prescribed by § 16-914 and shall dispose of any surplus monies as otherwise provided by law.

3. A political committee that fails to file its termination statement pursuant to paragraph 2 of this subsection is terminated by operation of law ninety days after the end of the election cycle for which it was formed and shall pay a civil penalty of one hundred dollars.

G. Unless specified by the contributor or contributors to the contrary, the treasurer shall record a contribution made by check, money order or other written instrument as a contribution by the person whose signature or name appears on the bottom of the instrument or who endorses the instrument before delivery to the political committee. If a contribution is made by more than one person in a single written instrument, the treasurer shall record the amount to be attributed to each contributor as specified.

H. All contributions other than in-kind contributions must be made by a check drawn on the account of the actual contributor or by a money order or a cashier's check containing the name of the actual contributor or must be evidenced by a written receipt with a copy of the receipt given to the contributor and a copy maintained in the contribution records of the recipient.

I. The treasurer shall preserve all records required to be kept by this section and copies of all finance reports required to be filed by this article for three years after the filing of the finance report covering the receipts and disbursements evidenced by the records.

J. On request of the attorney general, the county, city or town attorney or the filing officer, the treasurer shall provide any of the records required to be kept pursuant to this section.

K. A person who violates this section is subject to a civil penalty imposed as prescribed in § 16-924 of three times the amount of money that has been received, expended or promised in violation of this section or three times the value in money for an equivalent of money or other things of value that has been received, expended or promised in violation of this section.

Sec. 4. Section 16-905, Arizona Revised Statutes, is amended to read:

16-905. Contribution limitations; civil penalty; complaint; reductions

A. For an election other than for a statewide office, a contributor shall not give and an exploratory committee, a candidate or a candidate's campaign committee shall not accept contributions of more than:

1. For an election for a legislative office, ~~six thousand two hundred fifty~~ ONE THOUSAND dollars per election cycle from an individual.
2. For an election other than for a legislative office, ~~six thousand two hundred fifty~~ ONE THOUSAND dollars per election cycle from an individual.
3. For an election for a legislative office, ~~six thousand two hundred fifty~~ ONE THOUSAND dollars per election cycle from a single political committee THAT HAS NEVER RECEIVED CONTRIBUTIONS FROM A CORPORATION, LIMITED LIABILITY COMPANY OR LABOR ORGANIZATION, excluding a political party, not certified under subsection G of this section to make contributions at the higher limits prescribed by paragraph 5 of this subsection and subsection B, paragraph 3 of this section.
4. For an election other than for a legislative office, ~~six thousand two hundred fifty~~ ONE THOUSAND dollars per election cycle from a single political committee THAT HAS NEVER RECEIVED CONTRIBUTIONS FROM A CORPORATION, LIMITED LIABILITY COMPANY OR LABOR ORGANIZATION, excluding a political party, not certified under subsection G of this section to make contributions at the higher limits prescribed by subsection B, paragraph 3 of this section.
5. ~~Twelve thousand five hundred~~ TWO THOUSAND dollars per election cycle from a single political committee THAT HAS NEVER RECEIVED CONTRIBUTIONS FROM A CORPORATION, LIMITED LIABILITY COMPANY OR LABOR ORGANIZATION that is certified pursuant to subsection G of this section, excluding a political party.
6. ~~Six thousand two hundred fifty~~ ONE THOUSAND dollars per election cycle from a single partnership. Contributions from a partnership shall be allocated to the individual partners who are contributing, as designated by the partnership. Partnership contributions from designated partners shall be combined with other contributions by that individual partner to the same recipient and are subject to the limits on an individual prescribed by this section. Nonpartnership monies that are contributed by an individual shall not be counted against the partnership contribution limit for that same recipient.

B. For an election for a statewide office, a contributor shall not give and an exploratory committee, a candidate or a candidate's committee shall not accept contributions of more than:

1. ~~Six thousand two hundred fifty~~ TWO THOUSAND FIVE HUNDRED dollars per election cycle from an individual.
2. ~~Six thousand two hundred fifty~~ TWO THOUSAND FIVE HUNDRED dollars per election cycle from a single political committee THAT HAS NEVER RECEIVED CONTRIBUTIONS FROM A CORPORATION, LIMITED LIABILITY COMPANY OR LABOR ORGANIZATION, excluding a political party, not certified under subsection G of this section to make contributions at the higher limits prescribed by subsection A, paragraph 5 of this section and paragraph 3 of this subsection.
3. ~~Twelve thousand five hundred~~ FIVE THOUSAND dollars per election cycle from a single political committee THAT HAS NEVER RECEIVED CONTRIBUTIONS FROM A CORPORATION, LIMITED LIABILITY COMPANY OR LABOR ORGANIZATION that is certified pursuant to subsection G of this section, excluding a political party.
4. ~~Six thousand two hundred fifty~~ TWO THOUSAND FIVE HUNDRED dollars per election cycle from a single partnership. Contributions from a partnership shall be allocated to the individual partners who are contributing, as designated by the partnership. Partnership contributions from designated partners shall be combined with other contributions by that individual partner to the same recipient and are subject to the limits on an individual prescribed by this section. Nonpartnership monies that are contributed by an individual shall not be counted against the partnership contribution limit for that same recipient.

C. A candidate may accept contributions from political committees, excluding political parties, as otherwise prescribed in this section and a candidate is not restricted as to the aggregate total that a candidate may lawfully receive from all political committees, excluding political parties.

D. A nominee of a political party shall not accept contributions from all political parties or political organizations combined totaling more than ten thousand dollars for an election for an office other than a statewide office, and one hundred thousand dollars for an election for a statewide office.

E. An individual may make contributions as otherwise prescribed by this section, and an individual is not restricted as to the aggregate total that an individual may give. An individual may make an otherwise lawful contribution using personal monies contained in a revocable trust, which shall be reported as an individual contribution and which is subject to the limits on an individual contribution.

F. ~~A candidate's campaign committee or an individual's exploratory committee shall not make a loan and shall not transfer or contribute money to any other campaign or exploratory committee that is designated pursuant to this chapter or 52 United States Code section 30101.~~ NO CANDIDATE CAMPAIGN COMMITTEE, NOR A CANDIDATE'S EXPLORATORY COMMITTEE, SHALL CONTRIBUTE TO ANOTHER CANDIDATE'S CAMPAIGN COMMITTEE OR EXPLORATORY COMMITTEE, AND AN EXPLORATORY COMMITTEE, A CANDIDATE OR A CANDIDATE'S CAMPAIGN COMMITTEE SHALL NOT ACCEPT CONTRIBUTIONS FROM ANOTHER CANDIDATE'S CAMPAIGN COMMITTEE OR EXPLORATORY COMMITTEE except as follows:

1. An exploratory committee may transfer monies to a subsequent candidate's campaign committee of the individual designating the exploratory committee, subject to the limits of subsection B of this section.
2. A candidate's campaign committee may transfer or contribute monies to another campaign committee designated by the same candidate as follows:
 - (a) Subject to the contribution limits of this section per contributor, transfer or contribute monies in the aggregate from one committee to another if both committees have been designated for an election in the same year including to a committee for another office or in another jurisdiction.
 - (b) Without application of the contribution limits of this section, transfer or contribute monies from one committee to another designated for an election in a subsequent year.

G. MEGA PAC SHALL REFER TO ~~Only~~ political committees THAT HAVE NEVER RECEIVED CONTRIBUTIONS FROM A CORPORATION, LIMITED LIABILITY COMPANY OR LABOR ORGANIZATION AND that IN THE TWO YEAR PERIOD IMMEDIATELY PRIOR TO APPLYING FOR MEGA PAC STATUS WITH THE SECRETARY OF STATE received monies from five hundred or more individuals in amounts of ten dollars or more ~~in the two year period immediately before application to the secretary of state for qualification as a political committee pursuant to this section~~ A MEGA PAC may make contributions to candidates under subsection A, paragraph 5 of this section and subsection B, paragraph 3 of this section. The secretary of state shall obtain information necessary to make the determination that a committee meets the requirements of this subsection and shall provide written certification of the fact to the committee. A political committee certification is valid for ~~four~~ TWO years. A candidate's campaign committee shall not accept a contribution pursuant to this subsection unless it is accompanied by a copy of the certification. All political committees that do not meet the requirements of this subsection are subject to the individual campaign contribution limits of subsection A, paragraphs 1 and 2 of this section and subsection B, paragraph 1 of this section.

H. The secretary of state biennially shall adjust to the nearest ten dollars the amounts in subsections A through E of this section by the percentage change in the consumer price index and publish the new amounts for distribution to election officials, candidates and campaign committees. For the purposes of this subsection, "consumer price index" means the consumer price index for all urban consumers, United States city average, that is published by the United States department of labor, bureau of labor statistics.

I. The following specific limitations and procedures apply:

1. The limits of subsections A through E of this section apply to each election cycle for any office or offices that the candidate seeks.
2. The limits of subsections A and B of this section apply to the total contributions from all separate segregated funds established, as provided in § 16-920, by a corporation, labor organization, trade association, cooperative or corporation without capital stock.
3. A contribution by an unemancipated minor child shall be treated as a contribution by the child's custodial parent or parents for determining compliance with subsection A, paragraphs 1 and 2, subsection B, paragraph 1 and subsection E of this section.
4. A contribution by an individual or a single political committee to two or more candidates in connection with a joint fund-raising effort shall be divided among the candidates in direct proportion to each candidate campaign committee's share of the expenses for the fund-raising effort.
5. A candidate shall sign and file with the candidate's nomination paper a statement that the candidate has read all applicable laws relating to campaign financing and reporting.
6. After the general election, all contributions may be combined for use in a subsequent election cycle.
7. An individual or political committee shall not use economic influence to induce members of an organization to make contributions to a candidate, collect contributions from members of an organization for transmittal to a candidate, make payments to candidates for public appearances or services that are ordinarily uncompensated or use any similar device to circumvent any of the limitations of this section.

J. A person who violates this section is subject to a civil penalty imposed as prescribed in § 16-924 of three times the amount of money that has been received, expended or promised in violation of this section or three times the value in money for an equivalent of money or other things of value that have been received, expended or promised in violation of this section.

K. Any qualified elector may file a sworn complaint with the attorney general or the county attorney of the county in which a violation of this section is believed to have occurred, and the attorney general or the county attorney shall investigate the complaint for possible action.

L. If the filing officer, attorney general or county attorney fails to institute an action within forty-five working days after receiving a complaint under subsection K of this section, the individual filing the complaint may bring a civil action in the individual's own name and at the individual's own expense, with the same effect as if brought by the filing officer, attorney general or county attorney. The individual shall execute a bond payable to the defendant if the individual fails to prosecute the action successfully. The court shall award to the prevailing party costs and reasonable attorney fees.

M. If a provision of this section or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the section that can be given effect without the invalid provision or application, and to this end the provisions of this section are severable.

N. The use of a candidate's personal monies, or the use of personal monies by an individual who designates an exploratory committee, is not subject to the limitations of this section.

O. For any statewide or legislative candidate ~~who is not participating in the citizens clean elections act funding system established pursuant to article 2 of this chapter:~~

1. Complaints and investigations relating to an alleged violation of this article are subject ~~only~~ to the jurisdiction, penalties and procedures established pursuant to this article and the enforcement and investigative authority of the secretary of state AND THE CITIZENS CLEAN ELECTIONS COMMISSION and attorney general.

2. The citizens clean elections commission has ~~no~~ authority to accept, investigate or otherwise act on any complaint involving an alleged violation of this article.

P. IT IS UNLAWFUL FOR A PERSON OTHER THAN A CONTRIBUTOR IDENTIFIED IN THIS ARTICLE TO CONTRIBUTE TO AN EXPLORATORY COMMITTEE, A CANDIDATE OR A CANDIDATE'S CAMPAIGN COMMITTEE, AND IT IS UNLAWFUL FOR AN EXPLORATORY COMMITTEE, A CANDIDATE OR A CANDIDATE'S CAMPAIGN COMMITTEE TO ACCEPT CONTRIBUTIONS FROM A PERSON OTHER THAN A CONTRIBUTOR IDENTIFIED IN THIS ARTICLE.

Sec. 5. Section 16-914.02, Arizona Revised Statutes, is amended to read:

16-914.02. Reporting independent expenditures of PERSONS, corporations, limited liability companies and labor organizations; statement; disclaimer and disclosure; civil action; civil penalty; violation; classification; definitions

A. Any PERSON, corporation, limited liability company or labor organization that makes cumulative independent expenditures ~~in an attempt to influence the outcome of a candidate election and~~ in at least the following amounts in an election cycle shall register and notify the appropriate filing officer not later than one day after making that expenditure, excluding Saturdays, Sundays and other legal holidays AND MAKE ALL REPORTS AND DISCLOSURES REQUIRED ELSEWHERE IN THIS CHAPTER RELATED TO INDEPENDENT EXPENDITURES:

1. An aggregate of five thousand dollars or more in one or more statewide races.

2. An aggregate of two thousand five hundred dollars or more in one or more legislative races.

3. One thousand dollars or more in one or more county, city, town or other local races if the one thousand dollars is aggregated in races in a single county, city, town or other local jurisdiction.

B. The secretary of state is the filing officer for registrations and notifications for independent expenditures in statewide and legislative elections. City, town or county filing officers are the filing officers for notifications in a city, town, county or other local election as provided in § 16-916. The corporation, limited liability company or labor organization also shall notify the filing officer within the same time limit prescribed in subsection A of this section of each additional accumulation of expenditures that exceeds the threshold amount prescribed in subsection A of this section but is not required to register again during that election cycle after the initial registration. A corporation, limited liability company or labor organization may register with the filing officer and provide a notarized, sworn statement of authority in advance of the expenditure in anticipation of making an independent expenditure. The

secretary of state shall provide for electronic filing for registrations and notifications and shall provide for website access to the information for the public. Filings at the secretary of state's office shall be in the form prescribed by the secretary of state. Other filing officers shall prescribe the format for filing registrations and notifications and shall provide for public access to that information. On or after November 27, 2012 and at the request of the local election filing officer, the secretary of state may provide for electronic filing pursuant to this section for local elections.

C. The registration shall include all of the following:

1. The name and address of the corporation, limited liability company or labor organization.
2. The name, title, electronic mail address and telephone number of the person authorizing the independent expenditure.

D. Each notification shall include all of the following:

1. The name and address of the PERSON, corporation, limited liability company or labor organization making the independent expenditure.
2. The amount of the expenditure and the name of the vendor or other payee receiving the expenditure.
3. The name of the candidate and race in which the expenditure was made and whether the expenditure was in support of or opposition to the candidate.
4. The communication medium and description of what was purchased with the expenditure.
5. The date of the expenditure.

6. THE SOURCE OF FUNDING FOR THE EXPENDITURE AS REQUIRED ELSEWHERE IN THIS ARTICLE.

E. If the PERSON, corporation, limited liability company or labor organization did not register and provide a notarized sworn statement in advance of the expenditure as prescribed by this section, the PERSON, corporation, limited liability company or labor organization shall file with the secretary of state or other appropriate filing officer within five days after an initial threshold expenditure as prescribed in subsection A of this section a notarized sworn statement that the person, agent or officer filing the registration and notice had authority to make that expenditure on behalf of the corporation, limited liability company or labor organization. Until the secretary of state or other filing officer receives the notarized sworn statement, the filing officer shall categorize the notification as unverified. If the secretary of state or other filing officer does not receive the notarized sworn statement within the required five day time frame, the notification shall be categorized as both unverified and delinquent. The filing officer shall make reasonable efforts to contact the entity that made the expenditure and remove the notification from public view within a reasonable time if unable to verify that the entity made the expenditure and all penalties prescribed in this section apply.

F. Any literature or advertisement that is purchased with monies from a corporation, limited liability company or labor organization making an independent expenditure in an attempt to influence the outcome of a candidate election shall disclose the name of the corporation, limited liability company or labor organization making the expenditure. Any disclosure statement required by this section shall be printed clearly and legibly in a conspicuous manner. If the communication is broadcast on radio, the information shall be spoken at the end of the communication. If the communication is broadcast on a telecommunications system, the information shall be both written and spoken at the end of the communication, except that if the disclosure statement is written for at least five seconds of a thirty second advertisement broadcast or ten seconds of a sixty second advertisement broadcast, a spoken disclosure statement is not required. If the communication is broadcast on a telecommunications system, the written disclosure statement shall be printed in letters equal to or larger than four per cent of the vertical picture height. The literature or advertisement shall include the words "paid for by" in the disclosure followed by the name of the entity making the expenditure and shall also state that it is not authorized by any candidate or candidate's campaign committee.

G. Subsection F of this section does not apply to bumper stickers, pins, buttons, pens and similar small items on which the statements required in subsection F of this section cannot be conveniently printed or to a communication by an organization solely to its members.

H. Any PERSON, corporation, limited liability company or labor organization that fails to register, notify or disclose as required by this section is liable in a civil action pursuant to § 16-924 brought by the attorney general, county attorney, city or town attorney, OR THE CLEAN ELECTIONS COMMISSION as appropriate, for a civil penalty of up to three times the total amount of the expenditure.

I. Any person who makes a knowingly false filing relating to an independent expenditure pursuant to this section is guilty of a class 1 misdemeanor.

J. For violations that occur before November 27, 2012, a reasonable cause determination for a violation of this section may only be made by the secretary of state's office and not by any other filing officer. On or after November 27, 2012, the local election jurisdiction and filing officers, OR THE CLEAN ELECTIONS COMMISSION, may make their own reasonable cause determinations for violations of this section or may elect to continue to have the office of the secretary of state make those reasonable cause determinations on their behalf. A civil or criminal enforcement action may not be filed until after the issuance of a reasonable cause determination.

K. ~~Any entity that makes an independent expenditure and that is organized primarily for the purpose of influencing an election and that is a combination of PERSONS, corporations, limited liability companies or labor organizations or that is a PERSON, corporation, limited liability company or labor organization that accepts donations or contributions shall file with the filing officer as a political committee as otherwise provided by law~~ ORGANIZED FOR OR OPERATING WITH A PRIMARY PURPOSE OF INFLUENCING THE RESULT OF AN ELECTION, AND THAT RECEIVES CONTRIBUTIONS OR MAKES EXPENDITURES, IN ANY COMBINATION, OF AT LEAST ONE THOUSAND DOLLARS IN CONNECTION WITH ANY ELECTION DURING A CALENDAR YEAR SHALL REGISTER AS A POLITICAL COMMITTEE.

L. For the purposes of this section, an expenditure occurs on the date on which literature or advertisements are deposited at the post office for mailing, submitted to a communications system for broadcast or submitted to a newspaper or similar print medium for printing and, with respect to an expenditure for signs, the date on which a sign is first posted.

M. For the purposes of this section:

1. "Independent expenditure" has the same meaning prescribed in § 16-901, except that it is made by a corporation, a limited liability company or a labor organization and except as prescribed in subsection L of this section.

2. "Local election" means an election in a county, city, town, school district or special district.

Sec. 6. Section 16-915, Arizona Revised Statutes, is amended to read:

16-915. Contents of campaign finance reports

A. Each campaign finance report required by § 16-913 shall set forth all of the following:

1. The amount of cash on hand at the beginning of the reporting period.

2. For the reporting period and the election, the total amount of all receipts and an itemized list of all receipts in the following categories, together with the total of all receipts in each category:

(a) Contributions from individuals.

(b) Contributions from political committees.

(c) For a candidate's campaign committee, the candidate's contribution or promise of personal monies, including loans guaranteed by the candidate.

(d) All other loans.

(e) Rebates, refunds and other offsets to operating expenditures.

(f) Dividends, interest and other forms of receipts.

(g) The value of in-kind contributions.

3. The identification of each:

(a) Individual who makes any contribution during the period covered by the report and whose total contribution or contributions for that election have an aggregate amount exceeding fifty dollars together with the date and amount of the contributions, AND THE CONTRIBUTOR'S OCCUPATION AND EMPLOYER, except as provided in subsection E of this section. Contributions of fifty dollars or less may be aggregated.

(b) Political committee that makes a contribution during the period covered by the report together with the date and amount of the contribution.

(c) Person who makes a loan during the period covered by the report, together with the identification of any endorser or guarantor of the loan and the amount endorsed or guaranteed by each, and the date and amount of the loan.

(d) Person who provides any rebate, refund or other offset to operating expenditures during the period covered by the report together with the date and amount of the receipt.

(e) Person who provides a dividend, interest or other receipt during the period covered by the report together with the date and amount of the receipt.

4. For the reporting period and the election, the total amount of all disbursements and an itemized list of all disbursements in the following categories together with the total of all disbursements in each category:

(a) Expenditures, other than a contract, promise or agreement to make an expenditure resulting in an extension of credit, made to meet committee operating expenses.

(b) Transfers to other political committees.

(c) For a candidate's campaign committee, the repayment of loans made or guaranteed by the candidate.

(d) Repayment of all other loans.

(e) Refunds of contributions received and other offsets to contributions.

(f) Loans made by the reporting political committee.

(g) The value of in-kind contributions received.

(h) Independent expenditures together with the information required pursuant to subsection F.

(i) Any other disbursements.

5. The name and address of each recipient of an expenditure made during the period covered by the report and, in the case of a disbursement to a political committee, the identification number issued on the filing of a statement of organization as prescribed by § 16-902.01, together with the date, the amount of the expenditure and a clear description of the items or services purchased.

6. An itemized account of the campaign debts and extensions of credit that are owed by the candidate or political committee and that remain outstanding including the name and address of the obligee or creditor, the amount owed, whether the amount is certain or estimated and on what basis, and the purpose of the obligation. An obligation that is itemized on a campaign finance report shall be listed on all subsequent finance reports until extinguished.

7. The total sum of all receipts, together with the total receipts less offsets, and the total sum of all disbursements, together with the total disbursements less offsets, for both the period covered by the report and the election.

B. The amount of an in-kind contribution shall be equal to the usual and normal value on the date received by the political committee as determined by generally accepted accounting principles.

C. Campaign finance reports shall be cumulative for the election to which they relate, but if there has been no change during the period covered by a report in an item listed in a previous report for that election, only the amount need be carried forward.

D. A candidate's campaign committee or a political committee that makes contributions to candidates and that has received prior contributions from an individual or a political committee for an election shall show in each report for that election the cumulative total received from that source.

E. In the case of a political committee that receives contributions through a payroll deduction plan, that committee is not required to separately itemize each additional contribution received from the contributor during the reporting period. In lieu of the separate itemization required by subsection A, paragraph 2 of this section, the committee may report all of the following:

1. The aggregate amount of contributions received from the contributor through the payroll deduction plan during the reporting period.

2. The identification of the individual.

3. A statement of the amount deducted per pay period.

F. An independent expenditure report shall contain all of the following:

1. The name and address of any person to whom an independent expenditure was made.

2. The date and amount of the independent expenditure.

3. The purpose of the independent expenditure including a description of what was purchased.

4. The name of each candidate whose election or defeat was advocated by the expenditure and, for each such candidate, the office sought by the candidate and the year of the election.

5. The names, occupations, employers and amount contributed by each of the three contributors that contributed the most money within the preceding six months provided that if any other contributor contributed the same amount during this time period as any of the top three contributors the information shall be provided for that contributor as well. If any of these contributors is a political committee, the report shall include the names, occupations and employers of the committee's chairman and treasurer.

6. Under penalty of perjury, a certification stating whether or not the claimed independent expenditure is made in cooperation, consultation or concert with or at the request or suggestion of any candidate or any campaign committee or agent of that candidate.

Sec. 7. Section 16-917, Arizona Revised Statutes, is amended to read:

16-917. Independent expenditures; in-kind contribution; civil penalty

A. A PERSON, political committee, corporation, limited liability company or labor organization that makes independent expenditures for literature or an advertisement relating to any ~~one~~ candidate, ~~or~~ office, OR BALLOT MEASURE OR PROPOSITION within sixty days before the day of any election to which the expenditures relate, shall send by certified mail a copy of the campaign literature or advertisement to THE BALLOT MEASURE COMMITTEE SUPPORTING ANY PROPOSITION AND TO each candidate named or otherwise referred to in the literature or advertisement twenty-four hours after depositing it at the post office for mailing, twenty-four hours after submitting it to a telecommunications system for broadcast or twenty-four hours after submitting it to a newspaper for printing.

B. The copy of the literature or advertisement sent to a candidate OR COMMITTEE pursuant to subsection A of this section shall be a reproduction that is clearly readable, viewable or audible.

C. An expenditure by a political committee, corporation, limited liability company, labor organization or a person that does not meet the definition of an independent expenditure is an in-kind contribution to the candidate OR COMMITTEE and a corresponding expenditure by the candidate OR COMMITTEE unless otherwise exempted.

D. A PERSON, POLITICAL COMMITTEE, CORPORATION, LIMITED LIABILITY COMPANY OR LABOR ORGANIZATION THAT MAKES INDEPENDENT EXPENDITURES FOR LITERATURE OR AN ADVERTISEMENT RELATING TO ANY CANDIDATE, OFFICE, OR BALLOT MEASURE OR PROPOSITION WITHIN SIXTY DAYS BEFORE THE DAY OF ANY ELECTION TO WHICH THE EXPENDITURES RELATES SHALL FILE REPORTS WITH THE SECRETARY OF STATE IN ACCORDANCE WITH § 16-958 IDENTIFYING THE OFFICE AND THE CANDIDATE OR GROUP OF CANDIDATES OR BALLOT MEASURE WHOSE ELECTION OR DEFEAT IS BEING ADVOCATED AND STATING WHETHER THE EXPENDITURE IS ADVOCATING ELECTION OR ADVOCATING DEFEAT.

E. ONCE A PERSON, POLITICAL COMMITTEE, CORPORATION, LIMITED LIABILITY COMPANY OR LABOR ORGANIZATION THAT MAKES INDEPENDENT EXPENDITURES EXPENDS MORE THAN TEN THOUSAND DOLLARS DURING A CALENDAR YEAR ON INDEPENDENT EXPENDITURES, INCLUDING EXPENDITURES MADE FOR ANY ELECTION DURING THAT CALENDAR YEAR, ALL REPORTS OF INDEPENDENT EXPENDITURES REQUIRED BY THIS SECTION SHALL ALSO DISCLOSE ANY CONTRIBUTION FROM A SOURCE HAVING CONTRIBUTED ONE THOUSAND DOLLARS OR MORE DURING THE CALENDAR YEAR. SUCH DISCLOSURE SHALL BE ITEMIZED, IDENTIFYING THE NAME, ADDRESS, EMPLOYER, AND OCCUPATION OF THE CONTRIBUTOR, AS APPLICABLE, AND THE DATE AND AMOUNT OF THE CONTRIBUTION ALONG WITH THE AMOUNT CONTRIBUTED TO DATE DURING THE CALENDAR YEAR.

DEF. A person, POLITICAL COMMITTEE, CORPORATION, LIMITED LIABILITY COMPANY OR LABOR ORGANIZATION who violates this section is subject to a civil penalty of three times the cost of the literature or advertisement that was distributed in violation of this section. This civil penalty shall be imposed as prescribed in § 16-924.

Sec. 8. Title 16, chapter 6, article 1, Arizona Revised Statutes, is amended by adding section 16-919.01, to read:

16-919.01. Ban on contributions by government contractors

A. IT SHALL BE UNLAWFUL FOR ANY PERSON WHO IS A MEMBER OF A BOARD OF DIRECTORS OF A BUSINESS, HOLDS AN OWNERSHIP OR VOTING INTEREST OF FIVE PERCENT OR MORE IN A BUSINESS, IS AN OFFICER OF A BUSINESS, IS AN EMPLOYEE OF A BUSINESS WITH THE RESPONSIBILITY TO ADMINISTER, RECEIVE OR EXPEND CONTRACT FUNDS, OR IS THE SPOUSE OR CHILD OF ANY SUCH PERSON, OR IS A LOBBYIST OF A BUSINESS, IS AN EMPLOYEE OR CONTRACTOR OF SUCH LOBBYIST OF A BUSINESS THAT ENTERS INTO ANY CONTRACT WITH THE STATE OF ARIZONA OR ANY DEPARTMENT, AGENCY, OR POLITICAL SUBDIVISION THEREOF EITHER FOR THE RENDITION OF PERSONAL SERVICES OR FURNISHING ANY MATERIALS, SUPPLIES, OR EQUIPMENT TO THE STATE OF ARIZONA OR ANY DEPARTMENT, AGENCY, OR POLITICAL SUBDIVISION THEREOF OR FOR SELLING ANY LAND OR BUILDING TO THE STATE OF ARIZONA OR ANY DEPARTMENT, AGENCY, OR POLITICAL SUBDIVISION THEREOF, IF PAYMENT FOR THE PERFORMANCE OF SUCH CONTRACT OR PAYMENT FOR SUCH MATERIALS, SUPPLIES, EQUIPMENT, LAND, OR BUILDING EXCEEDS TWO HUNDRED FIFTY THOUSAND DOLLARS IN AGGREGATE IN A TWELVE-MONTH PERIOD AND IS TO BE MADE IN WHOLE OR IN PART FROM FUNDS APPROPRIATED BY THE LEGISLATURE OR THE GOVERNING BODY OF A POLITICAL SUBDIVISION OF THE STATE OF ARIZONA, AT ANY TIME BETWEEN THE COMMENCEMENT OF NEGOTIATIONS FOR AND THE LATER OF

1. THE COMPLETION OF PERFORMANCE UNDER; OR

2. THE TERMINATION OF NEGOTIATIONS FOR SUCH CONTRACT OR FURNISHING OF MATERIALS, SUPPLIES, EQUIPMENT, LAND, OR BUILDINGS,

TO DIRECTLY OR INDIRECTLY MAKE ANY CONTRIBUTION OF MONEY OR OTHER THINGS OF VALUE, OR TO PROMISE EXPRESSLY OR IMPLIEDLY TO MAKE ANY SUCH CONTRIBUTION TO ANY CANDIDATE FOR PUBLIC OFFICE, POLITICAL PARTY, OR POLITICAL COMMITTEE.

B. IT SHALL BE UNLAWFUL TO KNOWINGLY SOLICIT A CONTRIBUTION FROM ANY PERSON IN VIOLATION OF SUBSECTION A.

C. THIS SECTION DOES NOT PROHIBIT OR MAKE UNLAWFUL THE ESTABLISHMENT OR ADMINISTRATION OF, OR THE SOLICITATION OF CONTRIBUTIONS TO, ANY SEPARATE SEGREGATED FUND BY ANY CORPORATION OR LABOR ORGANIZATION.

D. IF AN ENTITY OR ITS AGENT MAKES OR SOLICITS A CONTRIBUTION IN VIOLATION OF SUBSECTION A, AS DETERMINED PURSUANT TO SECTION 16-924, THE CONTRACTING STATE AGENCY MAY VOID THE EXISTING CONTRACT WITH THE ENTITY, AND NO STATE AGENCY SHALL AWARD THE ENTITY A STATE CONTRACT OR AN EXTENSION OR AN AMENDMENT TO A STATE CONTRACT FOR ONE YEAR AFTER THE ELECTION FOR WHICH SUCH CONTRIBUTION IS MADE OR SOLICITED.

Sec. 9. Section 16-941, Arizona Revised Statutes, is amended to read:

16-941. ~~Limits on spending and contributions for political campaigns~~ FUNDING RESTRICTIONS FOR CLEAN ELECTIONS CAMPAIGNS

A. Notwithstanding any law to the contrary, a participating candidate:

1. Shall not accept any contributions, other than a limited number of five-dollar qualifying contributions as specified in § 16-946 ~~and~~, early contributions as specified in § 16-945, AND SMALL DOLLAR MATCHING CONTRIBUTIONS AS SPECIFIED IN § 16-951, except in the emergency situation specified in § 16-954, ~~subsection F.~~

2. Shall not make expenditures of more than a total of five hundred dollars of the candidate's personal monies for a candidate for the legislature or more than one thousand dollars for a candidate for statewide office.

3. ~~Shall not make expenditures in the primary election period in excess of the adjusted primary election spending limit.~~

~~4. Shall not make expenditures in the general election period in excess of the adjusted general election spending limit.~~

53. Shall comply with § 16-948 regarding campaign accounts and § 16-953 regarding returning unused monies to the citizens clean elections fund described in this article.

~~B. Notwithstanding any law to the contrary, a nonparticipating candidate shall not accept contributions in excess of an amount that is twenty per cent less than the limits specified in § 16-905, subsections A through E, as adjusted by the secretary of state pursuant to § 16-905, subsection H. Any violation of this subsection shall be subject to the civil penalties and procedures set forth in § 16-905, subsections J through M and § 16-924. A PARTICIPATING CANDIDATE MAY ONLY RAISE FUNDS FOR THE CANDIDATE'S CAMPAIGN COMMITTEE AND BALLOT MEASURE COMMITTEES. A PARTICIPATING CANDIDATE SHALL NOT RAISE MONEY FOR ANY POLITICAL PARTY, POLITICAL PARTY COMMITTEE, INDEPENDENT EXPENDITURE COMMITTEE, OR ANY OTHER ENTITY MAKING EXPENDITURES TO INFLUENCE THE OUTCOME OF AN ELECTION.~~

C. Notwithstanding any law to the contrary, a candidate, whether participating or nonparticipating:

1. If specified in a written agreement signed by the candidate and one or more opposing candidates and filed with the citizens clean elections commission, shall not make any expenditure in the primary or general election period exceeding an agreed-upon amount lower than spending limits otherwise applicable by statute.

2. Shall continue to be bound by all other applicable election and campaign finance statutes and rules, with the exception of those provisions in express or clear conflict with this article.

~~D. Notwithstanding any law to the contrary, any person who makes independent expenditures related to a particular office cumulatively exceeding five hundred dollars in an election cycle, with the exception of any expenditure listed in § 16-920 and any independent expenditure by an organization arising from a communication directly to the organization's members, shareholders, employees, affiliated persons and subscribers, shall file reports with the secretary of state in accordance with § 16-958 so indicating, identifying the office and the candidate or group of candidates whose election or defeat is being advocated and stating whether the person is advocating election or advocating defeat.~~

Sec. 10. Section 16-942, Arizona Revised Statutes, is amended to read:

16-942. Civil penalties and forfeiture of office

A. The civil penalty for a violation of any contribution or expenditure limit in § 16-941 by or on behalf of a participating candidate shall be ten times the amount by which the expenditures or contributions exceed the applicable limit.

B. In addition to any other penalties imposed by law, the civil penalty for a violation by or on behalf of any candidate of any reporting requirement imposed by this chapter shall be one hundred dollars per day for candidates for the legislature and three hundred dollars per day for candidates for statewide office. The penalty imposed by this subsection shall be doubled if the amount not reported for a particular election cycle exceeds ten percent of the adjusted primary or general election ~~spending limit~~ FUNDING GRANT. No penalty imposed pursuant to this subsection shall exceed twice the amount of expenditures or contributions not reported. The candidate and the candidate's campaign account shall be jointly and severally responsible for any penalty imposed pursuant to this subsection.

C. Any CANDIDATE OR CANDIDATE'S CAMPAIGN COMMITTEE THAT ACCEPTS CONTRIBUTIONS ~~campaign finance report filed indicating a violation of § 16-941, subsections A or B or § 16-941, subsection C, paragraph 1 involving an amount~~ IN VIOLATION OF THE CONTRIBUTION LIMITS OF THIS CHAPTER in excess of ten percent of the sum of the adjusted primary election ~~spending limit~~ FUNDING GRANT and the adjusted general election ~~spending limit~~ FUNDING GRANT for a particular CLEAN ELECTIONS candidate OR FOR A NONPARTICIPATING CANDIDATE TWENTY-FIVE PERCENT OF THE ORIGINAL FUNDING GRANT shall result in disqualification of a candidate or forfeiture of office.

D. Any participating candidate adjudged to have committed a knowing violation of § 16-941, ~~subsection A or subsection C, paragraph 1~~ shall repay from the candidate's personal monies to the fund all monies expended from the candidate's campaign account and shall turn over the candidate's campaign account to the fund.

E. All civil penalties collected pursuant to this article shall be deposited into the fund.

Sec. 11. Section 16-943, Arizona Revised Statutes, is amended to read:

16-943. Criminal violations and penalties

A. A candidate, or any other person acting on behalf of a candidate, who knowingly violates § 16-941 THE CONTRIBUTION LIMITS OF THIS CHAPTER is guilty of a class 1 misdemeanor.

B. Any person who knowingly pays anything of value or any compensation for a qualifying contribution as defined in § 16-946 is guilty of a class 1 misdemeanor.

C. Any person who knowingly provides false or incomplete information on a report filed under § 16-958 is guilty of a class 1 misdemeanor.

Sec. 12. Section 16-945, Arizona Revised Statutes, is amended to read:

16-945. Limits on early contributions

A. A participating candidate may accept early contributions only from individuals and only during the exploratory period and the qualifying period, subject to the following limitations:

1. Notwithstanding any law to the contrary, no contributor shall give, and no participating candidate shall accept, contributions from a contributor exceeding one hundred dollars during an election cycle.

2. Notwithstanding any law to the contrary, early contributions to a participating candidate from all sources for an election cycle shall not exceed, for a candidate for governor, forty thousand dollars or, for other candidates, ten per cent of the sum of the original primary election spending limit and the original general election spending limit.

3. Qualifying contributions specified in § 16-946 shall not be included in determining whether the limits in this subsection have been exceeded.

B. ~~Early contributions specified in subsection A of this section and the candidate's personal monies specified in § 16-941, subsection A, paragraph 2 may be spent only during the exploratory period and the qualifying period. Any early contributions not spent by the end of the qualifying period shall be paid to the fund.~~

C. B. If a participating candidate has a debt from an election campaign in this state during a previous election cycle in which the candidate was not a participating candidate, then, during the exploratory period only, the candidate may accept, in addition to early contributions specified in subsection A of this section, contributions subject to the limitations in § 16-941, subsection B, or may exceed the limit on personal monies in § 16-941, subsection A, paragraph 2, provided that such contributions and monies are used solely to retire such debt.

Sec. 13. Section 16-950, Arizona Revised Statutes, is amended to read:

16-950. Qualification for clean elections funding

A. A candidate who has made an application for certification may also apply, in accordance with subsection B of this section, to receive funds from the citizens clean elections fund, ~~instead of receiving private contributions.~~

B. To receive any clean elections funding, IN ACCORDANCE WITH RULES AND PROCEDURES ESTABLISHED BY THE COMMISSION, the candidate must present to the secretary of state no later than one week after the end of the qualifying period a list of names of persons who have made qualifying contributions pursuant to § 16-946 on behalf of the candidate. The list shall be divided by county. At the same time, the candidate must tender to the secretary of state the original reporting slips identified in § 16-946, subsection C for persons on the list and an amount equal to the sum of the qualifying contributions collected. The secretary of state shall deposit the amount into the fund.

C. IN ACCORDANCE WITH RULES AND PROCEDURES ESTABLISHED BY THE COMMISSION, The secretary of state shall select at random a sample of five per cent of the number of nonduplicative names on the list for a candidate for a statewide office and twenty per cent of the number of nonduplicative names on the list for a candidate for legislative office and shall forward facsimiles of the selected reporting slips to the county recorders for the counties of the addresses specified in the selected slips. Within ten days, the county recorders shall provide a report to the secretary of state identifying as disqualified any slips that are unsigned or undated or that the recorder is unable to verify as matching a person who is registered to vote in the electoral district of the office the candidate is seeking on the date specified on the slip. The secretary of state shall multiply the number of slips not disqualified by twenty for statewide candidates, and shall multiply the number of slips not disqualified by five for legislative candidates, and if the result is greater than one hundred ten per cent of the quantity required, shall approve the candidate for funds, and if the result is less than one hundred ten per cent of the quantity required, the secretary of state shall forward facsimiles of all of the slips to the county recorders for verification, and the county recorders shall check all slips in accordance with the process above. A county recorder shall

not check slips already verified. A county recorder shall report verified totals daily to the secretary of state until a determination is made that a sufficient number of verified slips has been submitted. If a sufficient number of verified slips has been submitted to one or more county recorders, the county recorders may stop the verification process.

D. To qualify for clean elections funding, a candidate must have been approved as a participating candidate pursuant to § 16-947 and have obtained the following number of qualifying contributions:

1. For a candidate for legislature, ~~two~~ THREE hundred.
2. For candidate for mine inspector, five hundred.
3. For a candidate for treasurer, superintendent of public instruction or corporation commission, one thousand five hundred.
4. For a candidate for secretary of state or attorney general, two thousand five hundred.
5. For a candidate for governor, four thousand.

E. To qualify for clean elections funding, a candidate must have met the requirements of this section and either be an independent candidate or meet the following standards:

1. To qualify for funding for a party primary election, a candidate must have properly filed nominating papers and nominating petitions with signatures pursuant to chapter 3, articles 2 and 3 of this title¹ in the primary of a political organization entitled to continued representation on the official ballot in accordance with § 16-804.

2. To qualify for clean elections funding for a general election, a candidate must be a party nominee of such a political organization.

Sec. 14. Section 16-951, Arizona Revised Statutes, is amended to read:

16-951. Clean elections funding

A. At the beginning of the primary election period, the commission shall pay from the fund to the campaign account of each candidate who qualifies for clean elections funding:

1. For a candidate who qualifies for clean elections funding for a party primary election, an amount equal to the original primary election ~~spending limit~~ FUNDING GRANT.
2. For an independent candidate who qualifies for clean elections funding, an amount equal to seventy percent of the sum of the original primary election ~~spending limit~~ FUNDING GRANT and the original general election ~~spending limit~~ FUNDING GRANT.
3. For a qualified participating candidate who is unopposed for an office in that candidate's primary, in the primary of any other party and by any opposing independent candidate, an amount equal to five dollars times the number of qualifying contributions for that candidate certified by the commission.

B. At any time after the first day of January of an election year, any candidate who has met the requirements of § 16-950 may sign and cause to be filed a nomination paper in the form specified by § 16-311, subsection A, with a nominating petition and signatures, instead of filing such papers after the earliest time set for filing specified by that subsection. Upon such filing and verification of the signatures, the commission shall pay the amount specified in subsection A of this section immediately, rather than waiting for the beginning of the primary election period.

C. At the beginning of the general election period, the commission shall pay from the fund to the campaign account of each candidate who qualifies for clean elections funding for the general election, except those candidates identified in subsection A, paragraph 2 or subsection D of this section, an amount equal to the original general election ~~spending limit~~ FUNDING GRANT.

D. At the beginning of the general election period, the commission shall pay from the fund to the campaign account of a qualified participating candidate who has not received funds pursuant to subsection A, paragraph 3 of this section and who is unopposed by any other party nominee or any opposing independent candidate an amount equal to five dollars times the number of qualifying contributions for that candidate certified by the commission.

E. The special original general election ~~spending limit~~ FUNDING GRANT, for a candidate who has received funds pursuant to subsection A, paragraphs 2 or 3 or subsection D of this section, shall be equal to the amount that the commission is obligated to pay to that candidate.

F. AT THE BEGINNING OF THE PRIMARY ELECTION PERIOD, THE CAMPAIGN COMMITTEE OF EACH LEGISLATIVE CANDIDATE WHO QUALIFIES FOR CLEAN ELECTIONS FUNDING MAY BEGIN COLLECTING SMALL DOLLAR CONTRIBUTIONS NOT TO EXCEED THAT OF THE EARLY CONTRIBUTION LIMIT SET FORTH IN SECTION 16-945.

G. IN ADDITION TO REQUIRED CAMPAIGN FINANCE REPORTS, CANDIDATES MAY FILE A CONTRIBUTION REPORT NO MORE FREQUENTLY THAN ONCE PER WEEK IN A FORM PRESCRIBED BY THE COMMISSION THAT IDENTIFIES ALL SMALL DOLLAR CONTRIBUTIONS AND EARLY CONTRIBUTIONS. IN ADDITION TO OTHER REPORTING REQUIREMENTS, CANDIDATES MUST DISCLOSE THE CONTRIBUTOR'S OCCUPATION AND EMPLOYER, REGARDLESS OF THE AGGREGATE TOTAL OF CONTRIBUTIONS MADE DURING THE CYCLE, IN THEIR CONTRIBUTION REPORT FOR FUNDS TO BE MATCHED.

H. IMMEDIATELY UPON RECEIPT OF THE CONTRIBUTION REPORTS, THE COMMISSION SHALL PAY FROM THE FUND TO THE CAMPAIGN ACCOUNT OF EACH LEGISLATIVE CANDIDATE WHO QUALIFIES FOR CLEAN ELECTIONS FUNDING AN AMOUNT EQUAL TO SIX TIMES THE AMOUNT OF CONTRIBUTIONS RECEIVED BY THE CANDIDATE FROM SMALL DOLLAR CONTRIBUTIONS AND EARLY CONTRIBUTIONS THAT HAVE NOT PREVIOUSLY SERVED AS THE BASIS FOR SUCH A PAYMENT. THESE PAYMENTS WILL BE MADE UNTIL EITHER OF THE FOLLOWING:

1. THE CAMPAIGN HAS RECEIVED FROM THE FUND AND IN PRIVATE CONTRIBUTIONS A TOTAL OF FOUR TIMES THE ORIGINAL FUNDING GRANT AS DEFINED IN SECTION 16-961.
2. CONDITIONS AS DESCRIBED IN SECTION 16-954 FOR REDUCTION OF FUNDING ARE MET.

Sec. 15. Section 16-952, Arizona Revised Statutes, is amended to read:

16-952. One-party-dominant legislative district

Upon applying for clean elections funding pursuant to § 16-950, a participating candidate for the legislature ~~in a one-party-dominant legislative district who is qualified for clean elections funding for the party primary election of the dominant party may choose to reallocate a portion of funds from the general election period to the primary election period. At the beginning of the primary election period, the commission shall pay from the fund to the campaign account of a participating candidate who makes this choice an extra amount equal to fifty per cent of the original primary election spending limit, and the original primary election spending limit for the candidate who makes this choice shall be increased by the extra amount. If a participating candidate who makes this choice becomes qualified for clean elections funding for the general election, the amount the candidate receives at the beginning of the general election period shall be reduced by the extra amount received at the beginning of the primary election period, and the original general election spending limit for that candidate shall be reduced by the extra amount. For the purpose of this subsection, a one-party-dominant legislative district is a district in which the number of registered voters registered in the party with the highest number of registered voters exceeds the number of registered voters registered to each of the other parties by an amount at least as high as ten per cent of the total number of voters registered in the district. The status of a district as a one-party dominant legislative district shall be determined as of the beginning of the qualifying period~~ MAY PROVIDE A WRITTEN REQUEST TO THE COMMISSION TO BE FUNDED AS A ONE-PARTY DOMINANT LEGISLATIVE DISTRICT. UPON RECEIVING THIS REQUEST, THE COMMISSION WILL PROVIDE THE CANDIDATE AN INITIAL FUNDING GRANT EQUAL TO THE GENERAL ELECTION FUNDING GRANT DURING THE PRIMARY ELECTION. IF THE CANDIDATE ADVANCES TO THE GENERAL ELECTION, THE CANDIDATE WILL RECEIVE AN AMOUNT EQUAL TO THE PRIMARY ELECTION FUNDING GRANT DURING THE GENERAL ELECTION.

Sec. 16. Section 16-954, Arizona Revised Statutes, is amended to read:

16-954. Disposition of excess monies

A. THE CLEAN ELECTIONS FUND SHALL BE FUNDED AS FOLLOWS:

1. Beginning January 1, ~~1999~~ 2017, an additional surcharge of ten per cent shall be imposed on all civil and criminal fines and penalties collected pursuant to § 12-116.01 and shall be deposited into the fund.

2. FOR TAX YEARS BEGINNING ON OR AFTER JANUARY 1, 2017, A TAXPAYER WHO FILES ON A STATE INCOME TAX RETURN FORM MAY DESIGNATE A TEN-DOLLAR VOLUNTARY CONTRIBUTION PER TAXPAYER TO THE FUND BY MARKING AN OPTIONAL CHECK-OFF BOX ON THE FIRST PAGE OF THE FORM. A TAXPAYER WHO CHECKS THIS BOX SHALL RECEIVE A TEN-DOLLAR REDUCTION IN THE AMOUNT OF TAX AND TEN DOLLARS FROM THE AMOUNT OF TAXES PAID SHALL BE TRANSFERRED BY THE DEPARTMENT OF REVENUE TO THE FUND. THE DEPARTMENT OF REVENUE SHALL PROVIDE CHECK-OFF BOXES, IDENTIFIED AS THE CLEAN ELECTIONS

FUND TAX REDUCTION, ON THE FIRST PAGE OF INCOME TAX RETURN FORMS, FOR DESIGNATIONS PURSUANT TO THIS SUBSECTION.

B. At least once per year, the commission shall project the amount of monies that the fund will collect over the next four years and the time such monies shall become available. Whenever the commission determines that the fund contains more monies than the commission determines that it requires to meet current debts plus expected expenses, under the assumption that expected expenses will be at the expenditure limit in § 16-949, subsection A, and taking into account the projections of collections, the commission shall designate such monies as excess monies and so notify the state treasurer, who shall thereupon transfer the excess monies to the general fund.

C. At least once per year, the commission shall project the amount of clean elections funding for which all candidates will have qualified pursuant to this article for the following calendar year. By the end of each year, the commission shall announce whether the amount that the commission plans to spend the following year pursuant to § 16-949, subsection A exceeds the projected amount of clean elections funding. If the commission determines that the fund contains insufficient monies or the spending cap would be exceeded were all candidates' accounts to be fully funded, the commission may include in the announcement specifications for decreases in the following parameters, based on the commission's projections of collections and expenses for the fund, including that the fund will provide monies under § 16-951 as a fraction of the amounts there specified.

D. If the commission cannot provide participating candidates with all monies specified under §§ 16-951 and 16-952, as decreased by any announcement pursuant to subsection C of this section, the commission shall allocate any reductions in payments proportionately among candidates entitled to monies and shall declare an emergency. ~~Upon declaration of an emergency, a participating candidate may accept private contributions to bring the total monies received by the candidate from the fund and from such private contributions up to the adjusted spending limits, as decreased by any announcement made pursuant to subsection C of this section.~~

Sec. 17. Section 16-955, Arizona Revised Statutes, is amended to read:

16-955. Citizens clean election commission; structure

A. The citizens clean elections commission is established consisting of five members. No more than two members of the commission shall be members of the same political party. No more than two members of the commission shall be residents of the same county. No one shall be appointed as a member who does not have a registration pursuant to chapter 1 of this title that has been continuously recorded for at least five years immediately preceding appointment with the same political party or as an independent.

B. The candidates for vacant commissioner positions shall be persons who are committed to enforcing this article in an honest, independent and impartial fashion and to seeking to uphold public confidence in the integrity of the electoral system. Each candidate shall be a qualified elector who has not, in the previous five years in this state, been appointed to, been elected to or run for any public office, including precinct committeeman, or served as an officer of a political party.

C. Initially, the commission on appellate court appointments shall nominate five slates, each having three candidates, before January 1, 1999. No later than February 1, 1999, the governor shall select one candidate from one of the slates to serve on the commission for a term ending January 31, 2004. Next, the highest-ranking official holding a statewide office who is not a member of the same political party as the governor shall select one candidate from another one of the slates to serve on the commission for a term ending January 31, 2003. Next, the second-highest-ranking official holding a statewide office who is a member of the same political party as the governor shall select one candidate from one of the three remaining slates to serve on the commission for a term ending January 31, 2002. Next, the second-highest-ranking official holding a statewide office who is not a member of the same political party as the governor shall select one candidate from one of the two remaining slates to serve on the commission for a term ending January 31, 2001. Finally, the third-highest-ranking official holding a statewide office who is a member of the same political party as the governor shall elect one candidate from the last slate to serve on the commission for a term ending January 31, 2000. For the purposes of this section, the ranking of officials holding statewide office shall be governor, secretary of state, attorney general, treasurer, superintendent of public instruction, corporation commissioners in order of seniority, mine inspector, senate majority and minority leaders and house majority and minority leaders.

D. One commissioner shall be appointed for a five-year term beginning February 1 of every year beginning with the year 2000. Before February 1 of each year beginning in the year 2000, the governor and the highest-ranking official holding a statewide office who is not a member of the same political party as the governor shall alternate filling such vacancies. The vacancy in the year 2000 shall be filled by the governor.

E. Members of the commission may be removed by the governor, with concurrence of the senate, for substantial neglect of duty, gross misconduct in office, inability to discharge the powers and duties of office or violation of this section, after written notice and opportunity for a response.

F. If a commissioner does not complete the commissioner's term of office for any reason, a replacement shall be selected within thirty days after the vacancy occurs. The highest-ranking official holding a statewide office who is a member of the political party of the official who nominated the commissioner who vacated office shall nominate the replacement, who shall serve as commissioner for the unexpired portion of the term. A vacancy or vacancies shall not impair the right of the remaining members to exercise all of the powers of the board.

G. Commissioners are eligible to receive compensation in an amount of two hundred dollars for each day on which the commission meets and reimbursement of expenses pursuant to title 38, chapter 4, article 2.

H. The commissioners shall elect a chair to serve for each calendar-year period from among their members whose terms expire after the conclusion of that year. Three commissioners shall constitute a quorum.

I. A member of the commission shall serve no more than one term and is not eligible for reappointment. No commissioner, during the commissioner's tenure or for three years thereafter, shall seek or hold any other public office, serve as an officer of any political committee or employ or be employed as a lobbyist.

J. The commission shall appoint an executive director who shall not be a member of the commission and who shall serve at the pleasure of the commission. The executive director is eligible to receive compensation set by the board within the range determined under § 38-611. The executive director, subject to title 41, chapter 4, articles 5 and 6, shall employ, determine the conditions of employment and specify the duties of administrative, secretarial and clerical employees as the director deems necessary.

K. ANY REFERENCE TO A STATUTE OR PORTION OF A STATUTE FOUND IN THIS CHAPTER SHALL APPLY TO ALL REENACTMENTS, REVISIONS, OR AMENDMENTS OF THE STATUTE OR PORTION OF THE STATUTE.

Sec. 18. Section 16-956, Arizona Revised Statutes, is amended to read:

16-956. Voter education and enforcement duties

A. The commission shall:

1. Develop a procedure for publishing a document or section of a document having a space of predefined size for a message chosen by each candidate. For the document that is delivered before the primary election, the document shall contain the names of every candidate for every statewide and legislative district office in that primary election without regard to whether the candidate is a participating candidate or a nonparticipating candidate. For the document that is delivered before the general election, the document shall contain the names of every candidate for every statewide and legislative district office in that general election without regard to whether the candidate is a participating candidate or a nonparticipating candidate. The commission shall deliver one copy of each document to every household that contains a registered voter. For the document that is delivered before the primary election, the delivery may be made over a period of days but shall be sent in time to be delivered to households before the earliest date for receipt by registered voters of any requested early ballots for the primary election. The commission may deliver the second document over a period of days but shall send the second document in order to be delivered to households before the earliest date for receipt by registered voters of any requested early ballots for the general election. The primary election and general election documents published by the commission shall comply with all of the following:

(a) For any candidate who does not submit a message pursuant to this paragraph, the document shall include with the candidate's listing the words "no statement submitted".

(b) The document shall have printed on its cover the words "citizens clean elections commission voter education guide" and the words "primary election" or "general election" and the applicable year. The document shall also contain at or near the bottom of the document cover in type that is no larger than one-half the size of the type used for "citizens clean elections commission voter education guide" the words "paid for by the citizens clean elections fund".

(c) In order to prevent voter confusion, the document shall be easily distinguishable from the publicity pamphlet that is required to be produced by the secretary of state pursuant to § 19-123.

2. Sponsor debates among candidates, in such manner as determined by the commission. The commission shall require participating candidates to attend and participate in debates and may specify by rule penalties for nonparticipation. The commission shall invite and permit nonparticipating candidates to participate in debates.

3. Prescribe forms for reports, statements, notices and other documents required by this article. The commission shall not require a candidate to use a reporting system other than the reporting system jointly approved by the commission and the office of the secretary of state.

4. Prepare and publish instructions setting forth methods of bookkeeping and preservation of records to facilitate compliance with this article and explaining the duties of persons and committees under this article.

5. Produce a yearly report describing the commission's activities and any recommendations for changes of law, administration or funding amounts and accounting for monies in the fund.

6. Adopt rules to implement the reporting requirements of § 16-958, subsections D and E.

7. Enforce this article, ensure that money from the fund is placed in candidate campaign accounts or otherwise spent as specified in this article and not otherwise, monitor reports filed pursuant to this chapter and financial records of candidates as needed and ensure that money required by this article to be paid to the fund is deposited in the fund. The commission shall not take action on any external complaint that is filed more than ninety days after the postelection report is filed or ninety days after the completion of the canvass of the election to which the complaint relates, whichever is later.

8. PROMOTE THE CLEAN ELECTIONS SYSTEM TO ARIZONA VOTERS AND ENCOURAGE TAXPAYERS TO SUPPORT THE CLEAN ELECTIONS FUND BY USING THE CHECKOFF BOX ON THEIR TAX FORMS.

B. The commission may subpoena witnesses, compel their attendance and testimony, administer oaths and affirmations, take evidence and require by subpoena the production of any books, papers, records or other items material to the performance of the commission's duties or the exercise of its powers.

C. The commission may adopt rules to carry out the purposes of this article and to govern procedures of the commission. Commission rule making is exempt from title 41, chapter 6, article 3. The commission shall propose and adopt rules in public meetings, with at least sixty days allowed for interested parties to comment after the rules are proposed. The commission shall also file a notice of exempt rule making and the proposed rule in the format prescribed in § 41-1022 with the secretary of state's office for publication in the Arizona administrative register. After consideration of the comments received in the sixty day comment period, the commission may adopt the rule in an open meeting. Any rules given final approval in an open meeting shall be filed in the format prescribed in § 41-1022 with the secretary of state's office for publication in the Arizona administrative register. Any rules adopted by the commission shall only be applied prospectively from the date the rule was adopted.

D. Rules adopted by the commission are not effective until January 1 in the year following the adoption of the rule, except that rules adopted by unanimous vote of the commission may be made immediately effective and enforceable.

E. If, in the view of the commission, the action of a particular candidate or committee requires immediate change to a commission rule, a unanimous vote of the commission is required. Any rule change made pursuant to this subsection that is enacted with less than a unanimous vote takes effect for the next election cycle.

F. Based on the results of the elections in any quadrennial election after 2002, and within six months after such election, the commission may adopt rules changing the number of qualifying contributions required for any office from those listed in § 16-950, subsection D, by no more than twenty per cent of the number applicable for the preceding election.

G. THE COMMISSION SHALL ENFORCE ALL REQUIREMENTS OF THIS CHAPTER.

H. ANY ACTION TAKEN BY THE COMMISSION NOT IN THE FURTHERANCE OF THE PURPOSES OF THE ACT SHALL BE INVALID.

Sec. 19. Section 16-959, Arizona Revised Statutes, is amended to read:

16-959. Inflationary and other adjustments of dollar values

A. Every two years, the secretary of state shall modify the dollar values specified in the following parts of this article, in the manner specified by § 16-905, subsection H, to account for inflation: ~~§ 16-941, subsection A, paragraph 2 or subsection D; § 16-942, subsection B; § 16-945, subsection A, paragraphs 1 and 2; § 16-948, subsection C; § 16-955, subsection G; and § 16-961, subsections G and H.~~ In addition, the secretary of state shall make a similar inflation adjustment by modifying the dollar values in § 16-949, subsection A to reflect cumulative inflation since the enactment of this article. In addition, every two years, the secretary of state shall change the dollar values in § 16-961, subsections G and H in proportion to the change in the number of Arizona resident personal income tax returns filed during the previous calendar year.¹

B. Based on the results of the elections in any quadrennial election after 2002, and within six months after such election, the commission may adopt rules in a public meeting reallocating funds available to all candidates between the primary and general elections by selecting a fraction for primary election spending limits that is between one-third and one-half of the spending limits for the election as a whole. For each office, the primary election spending limit shall be modified to be the sum of the primary and general spending limits times the selected fraction, and the general election spending limit shall be modified to be the same sum times one less the selected fraction.

Sec. 20. Section 16-961, Arizona Revised Statutes, is amended to read:

16-961. Definitions

A. The terms “candidate’s campaign committee,” “contribution,” “expenditures,” “exploratory committee,” “independent expenditure,” “personal monies,” “political committee” and “statewide office” are defined in § 16-901.

B. 1. “Election cycle” means the period between successive general elections for a particular office.

2. “Exploratory period” means the period beginning on the day after a general election and ending the day before the start of the qualifying period.

3. “Qualifying period” means the period beginning on the first day of August in a year preceding an election and ending one week before the primary election.

4. “Primary election period” means the nine-week period ending on the day of the primary election.

5. “General election period” means the period beginning on the day after the primary election and ending on the day of the general election.

6. For any recall election, the qualifying period shall begin when the election is called and last for thirty days, there shall be no primary election period and the general election period shall extend from the day after the end of the qualifying period to the day of the recall election. For recall elections, any reference to “general election” in this article shall be treated as if referring to the recall election.

C. 1. “Participating candidate” means a candidate who becomes certified as a participating candidate pursuant to § 16-947.

2. “Nonparticipating candidate” means a candidate who does not become certified as a participating candidate pursuant to § 16-947.

3. Any limitation of this article that is applicable to a participating candidate or a nonparticipating candidate shall also apply to that candidate’s campaign committee or exploratory committee.

D. “Commission” means the citizens clean elections commission established pursuant to § 16-955.

E. “Fund” means the citizens clean elections fund defined by this article.

F. 1. “Party nominee” means a person who has been nominated by a political party pursuant to § 16-301 or 16-343.

2. “Independent candidate” means a candidate who has properly filed nominating papers and nominating petitions with signatures pursuant to § 16-341.

3. “Unopposed” means with reference to an election for:

(a) A member of the house of representatives, opposed by no more than one other candidate who has qualified for the ballot and who is running in the same district.

(b) A member of the corporation commission, opposed by a number of candidates who have qualified for the ballot that is fewer than the number of corporation commission seats open at that election and for which the term of office ends on the same date.

(c) All other offices, opposed by no other candidate who has qualified for the ballot and who is running in that district or running for that same office and term.

G. “Primary election spending limits FUNDING GRANT” means:

1. For a candidate for the legislature, ~~twelve thousand nine hundred twenty-one~~ STATE HOUSE, TWENTY THOUSAND dollars.

2. FOR A CANDIDATE FOR THE STATE SENATE, TWENTY EIGHT THOUSAND DOLLARS.

2.3. For a candidate for mine inspector, forty-one thousand three hundred forty-nine dollars.

3.4. For a candidate for treasurer, superintendent of public instruction or the corporation commission, eighty-two thousand six hundred eighty dollars.

4.5. For a candidate for secretary of state or attorney general, one hundred sixty-five thousand three hundred seventy-eight dollars.

5.6. For a candidate for governor, six hundred thirty-eight thousand two hundred twenty-two dollars.

H. "General election FUNDING GRANT" means amounts fifty per cent greater than the amounts specified in subsection G of this section.

I. 1. "Original" ~~spending limit~~ FUNDING GRANT means a limit specified in subsections G and H of this section, as adjusted pursuant to § 16-959, or a special amount expressly set for a particular candidate by a provision of this title.

2. "Adjusted" ~~spending limit~~ FUNDING GRANT means an original ~~spending limit~~ FUNDING GRANT as further adjusted pursuant to ~~§ 16-952~~ § 16-951.

J. SMALL DOLLAR CONTRIBUTION MEANS A CONTRIBUTION RECEIVED FROM AN INDIVIDUAL LESS THAN OR EQUAL TO THE INFLATION ADJUSTED LIMIT OF EARLY CONTRIBUTIONS SPECIFIED IN § 16-945.

Sec. 21. Section 38-504, Arizona Revised Statutes, is amended to read:

38-504. Prohibited acts

A. A public officer or employee shall not LOBBY OR represent another person for compensation before a public agency OR PUBLIC OFFICIAL DURING THE PERIOD OF A PUBLIC OFFICER'S OR EMPLOYEE'S EMPLOYMENT OR SERVICE AND FOR TWO YEARS THEREAFTER. ~~by which the officer or employee is or was employed within the preceding twelve months or on which the officer or employee serves or served within the preceding twelve months concerning any matter with which the officer or employee was directly concerned and in which the officer or employee personally participated during the officer's or employee's employment or service by a substantial and material exercise of administrative discretion.~~

B. During the period of a public officer's or employee's employment or service and for two years thereafter, a public officer or employee shall not disclose or use for the officer's or employee's personal profit, without appropriate authorization, any information acquired by the officer or employee in the course of the officer's or employee's official duties which has been clearly designated to the officer or employee as confidential when such confidential designation is warranted because of the status of the proceedings or the circumstances under which the information was received and preserving its confidentiality is necessary for the proper conduct of government business. A public officer or employee shall not disclose or use, without appropriate authorization, any information that is acquired by the officer or employee in the course of the officer's or employee's official duties and that is declared confidential by law.

C. A public officer or employee shall not use or attempt to use the officer's or employee's official position to secure any valuable thing or valuable benefit for the officer or employee that would not ordinarily accrue to the officer or employee in the performance of the officer's or employee's official duties if the thing or benefit is of such character as to manifest a substantial and improper influence on the officer or employee with respect to the officer's or employee's duties.

Sec. 22. Section 41-192, Arizona Revised Statutes, is amended to read:

41-192. Powers and duties of attorney general; restrictions on state agencies as to legal counsel; exceptions; compromise and settlement monies

A. The attorney general shall have charge of and direct the department of law and shall serve as chief legal officer of the state. The attorney general shall:

1. Be the legal advisor of the departments of this state and render such legal services as the departments require.
2. Establish administrative and operational policies and procedures within his department.

3. Approve long-range plans for developing departmental programs therein, and coordinate the legal services required by other departments of this state or other state agencies.

4. Represent school districts and governing boards of school districts in any lawsuit involving a conflict of interest with other county offices.

5. Represent political subdivisions, school districts and municipalities in suits to enforce state or federal statutes pertaining to antitrust, restraint of trade or price-fixing activities or conspiracies, if the attorney general notifies in writing the political subdivisions, school districts and municipalities of the attorney general's intention to bring any such action on its behalf. At any time within thirty days after the notification, the political subdivisions, school districts and municipalities, by formal resolution of its governing body, may withdraw the authority of the attorney general to bring the intended action on its behalf.

6. In any action brought by the attorney general pursuant to state or federal statutes pertaining to antitrust, restraint of trade, or price-fixing activities or conspiracies for the recovery of damages by this state or any of its political subdivisions, school districts or municipalities, in addition to the attorney general's other powers and authority, the attorney general on behalf of this state may enter into contracts relating to the investigation and prosecution of such action with any other party plaintiff who has brought a similar action for the recovery of damages and with whom the attorney general finds it advantageous to act jointly or to share common expenses or to cooperate in any manner relative to such action. In any such action, notwithstanding any other laws to the contrary, the attorney general may undertake, among other things, to render legal services as special counsel or to obtain the legal services of special counsel from any department or agency of the United States, of this state or any other state or any department or agency thereof or any county, city, public corporation or public district in this state or in any other state that has brought or intends to bring a similar action for the recovery of damages or their duly authorized legal representatives in such action.

7. Organize the civil rights division within the department of law and administer such division pursuant to the powers and duties provided in chapter 9 of this title.¹

8. Compile, publish and distribute to all state agencies, departments, boards, commissions and councils, and to other persons and government entities on request, at least every ten years, the Arizona agency handbook that sets forth and explains the major state laws that govern state agencies, including information on the laws relating to bribery, conflicts of interest, contracting with the government, disclosure of public information, discrimination, nepotism, financial disclosure, gifts and extra compensation, incompatible employment, political activity by employees, public access and misuse of public resources for personal gain. A supplement to the handbook reflecting revisions to the information contained in the handbook shall be compiled and distributed by the attorney general as deemed necessary.

B. Except as otherwise provided by law, the attorney general may:

1. Organize the department into such bureaus, subdivisions or units as he deems most efficient and economical, and consolidate or abolish them.

2. Adopt rules for the orderly conduct of the business of the department.

3. Subject to chapter 4, article 4 of this title,² employ and assign assistant attorneys general and other employees necessary to perform the functions of the department.

4. Compromise or settle any action or claim by or against this state or any department, board or agency of this state. If the compromise or settlement involves a particular department, board or agency of this state, the compromise or settlement shall be first approved by the department, board or agency. If no department or agency is named or otherwise materially involved, the approval of the governor shall be first obtained.

5. Charge reasonable fees for distributing official publications, including attorney general legal opinions and the Arizona agency handbook. The fees received shall be transmitted to the state treasurer for deposit in the state general fund.

C. The powers and duties of a bureau, subdivision or unit shall be limited to those assigned by law to the department.

D. Notwithstanding any law to the contrary, except as provided in subsections E and F of this section, no state agency other than the attorney general shall employ legal counsel or make an expenditure or incur an indebtedness for legal services, but the following are exempt from this section:

1. The director of water resources.

2. The residential utility consumer office.

3. The industrial commission.
4. The Arizona board of regents.
5. The auditor general.
6. The corporation commissioners and the corporation commission other than the securities division.
7. The office of the governor.
8. The constitutional defense council.
9. The office of the state treasurer.
10. The Arizona commerce authority.
11. THE CITIZENS CLEAN ELECTIONS COMMISSION.

E. If the attorney general determines that he is disqualified from providing judicial or quasi-judicial legal representation or legal services on behalf of any state agency in relation to any matter, the attorney general shall give written notification to the state agency affected. If the agency has received written notification from the attorney general that the attorney general is disqualified from providing judicial or quasi-judicial legal representation or legal services in relation to any particular matter, the state agency is authorized to make expenditures and incur indebtedness to employ attorneys to provide the representation or services.

F. If the attorney general and the director of the department of agriculture cannot agree on the final disposition of a pesticide complaint under § 3-368, if the attorney general and the director determine that a conflict of interest exists as to any matter or if the attorney general and the director determine that the attorney general does not have the expertise or attorneys available to handle a matter, the director is authorized to make expenditures and incur indebtedness to employ attorneys to provide representation or services to the department with regard to that matter.

G. Any department or agency of this state authorized by law to maintain a legal division or incur expenses for legal services from funds derived from sources other than the general revenue of the state, or from any special or trust fund, shall pay from such source of revenue or special or trust fund into the general fund of the state, to the extent such funds are available and upon a reimbursable basis for warrants drawn, the amount actually expended by the department of law within legislative appropriations for such legal division or legal services.

H. Appropriations made pursuant to subsection G of this section shall not be subject to lapsing provisions otherwise provided by law. Services for departments or agencies to which this subsection and subsection F of this section are applicable shall be performed by special or regular assistants to the attorney general.

I. Notwithstanding § 35-148, monies received by the attorney general from charges to state agencies and political subdivisions for legal services relating to interagency service agreements shall be deposited, pursuant to §§ 35-146 and 35-147, in an attorney general agency services fund. Monies in the fund are subject to legislative appropriation and are exempt from the provisions of § 35-190 relating to lapsing of appropriations.

J. Unless otherwise provided by law, monies received for and belonging to the state and resulting from compromises and settlements entered into pursuant to subsection B of this section, excluding restitution and reimbursement to state agencies for costs or attorney fees, shall be deposited into the state treasury and credited to the state general fund pursuant to § 35-142. Monies received for and belonging to the state and resulting from a compromise or settlement are not considered custodial, private or quasi-private monies unless specifically provided by law. On or before January 15, April 15, July 15 and October 15, the attorney general shall file with the governor, with copies to the director of the department of administration, the president of the senate, the speaker of the house of representatives, the secretary of state and the staff director of the joint legislative budget committee, a full and complete account of the deposits into the state treasury made pursuant to this subsection in the previous calendar quarter. For the purposes of this subsection, "restitution" means monies intended to compensate a specific, identifiable person, including this state, for economic loss.

Sec. 23. Section 41-1231, Arizona Revised Statutes, is amended to read:

41-1231. Definitions

In this article, unless the context otherwise requires:

1. "Authorized lobbyist" means any person, other than a designated lobbyist or lobbyist for compensation, who is employed by, retained by or representing a principal, with or without compensation, for the purpose of lobbying and who is listed as an authorized lobbyist by the principal in its registration pursuant to § 41-1232.
2. "Authorized public lobbyist" means a person, other than a designated public lobbyist, who is employed by, retained by or representing a public body, with or without compensation, for the purpose of lobbying and who is listed as an authorized public lobbyist by the public body in its registration pursuant to § 41-1232.01.
3. "Designated lobbyist" means the person who is designated by a principal as the single point of contact for the principal and who is listed as the designated lobbyist by the principal in its registration pursuant to § 41-1232.
4. "Designated public lobbyist" means the person who is designated by a public body as the single point of contact for the public body and who is listed as the designated public lobbyist by the public body in its registration pursuant to § 41-1232.01.
5. "Entertainment" means the amount of any expenditure paid or incurred for admission to any sporting or cultural event or for participation in any sporting or cultural activity.
6. "Expenditure" means a payment, distribution, loan, advance, deposit or gift of money or anything of value and includes a contract, promise or agreement, whether or not legally enforceable, to make an expenditure that provides a benefit to an individual state officer or state employee and that is incurred by or on behalf of one or more principals, public bodies, lobbyists, designated public lobbyists or authorized public lobbyists.
7. "Family gift" means a gift to a state officer or employee or a member of the officer's or employee's household from a principal, A lobbyist, A designated public lobbyist or AN authorized public lobbyist who is a relative of the state officer or employee or a member of the household of the state officer or employee if the donor is not acting as the agent or intermediary for someone other than a person covered by this paragraph.
8. "Food or beverage" means the amount of any expenditure ~~paid or incurred~~ for food or beverages for a state officer or employee ~~provided at a location at which the principal, public body, lobbyist, designated public lobbyist or authorized public lobbyist who made the expenditure is present.~~ THE DOLLAR VALUE ASSOCIATED WITH THE EXPENDITURE IS THE BENEFIT RECEIVED BY THE STATE OFFICER OR EMPLOYEE REGARDLESS OF HOW THE COST IS SPLIT AMONG THOSE WHO PAY FOR THE BENEFIT.
9. "Gift" means a ANY GRATUITY, SPECIAL DISCOUNT, FAVOR, HOSPITALITY, SERVICE, ECONOMIC OPPORTUNITY, LOAN, payment, distribution, expenditure, advance, deposit or donation of money, any intangible personal property or any kind of tangible personal or real property or OTHER BENEFIT RECEIVED WITHOUT EQUIVALENT CONSIDERATION AND NOT PROVIDED TO MEMBERS OF THE PUBLIC AT LARGE. For the purposes of this article, gift does not include:
 - (a) A gift, devise or inheritance from an individual's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle or first cousin or the spouse of any such individual if the donor is not acting as the agent or intermediary for someone other than a person covered by this subdivision.
 - (b) Expenditures OF LESS THAN \$30 IN A QUARTER that are either properly reported or exempt from reporting under this chapter for:
 - ~~(i) A speaking engagement.~~
 - ~~(ii) (i) Food or beverages.~~
 - ~~(iii) Travel and lodging.~~
 - ~~(iv)-(ii) Flowers.~~
 - (c) Salary, compensation or employer-reimbursed expenses lawfully paid to a public official.
 - (d) The value, cost or price of professional or consulting services that are not rendered to obtain a benefit for any registered principal, public body, lobbyist, designated public lobbyist or authorized public lobbyist or the clients of a principal or lobbyist.
 - ~~(e) Expenses relating to a special event or function to which all members of the legislature, either house of the legislature or any committee of the legislature is invited.~~

~~(f)~~ (e) A plaque or other form of recognition similar to a plaque to a state officer or state employee to signify the honorary recognition of a service or other notable accomplishment.

~~(g)~~ (f) Informational material such as books, reports, pamphlets, calendars or periodicals.

~~(h)~~ (g) An item that is not used and that is returned within fifteen CALENDAR days of receipt to the donor or that is delivered within fifteen CALENDAR days of receipt to a charitable organization and that is not claimed as a charitable contribution for state or federal income tax purposes.

~~(i)~~ (h) A campaign contribution OR A CONTRIBUTION TO AN OFFICEHOLDER EXPENSE ACCOUNT that is properly received and reported as required by law.

~~(j)~~ (i) An item that is given to a state officer or employee if the state officer or employee gives an item of approximately the same value to the giver of the item at the same time that the item is given or on a similar occasion as the one that prompted the original item to be given.

~~(k)~~ (j) Gifts of a personal nature that were customarily received by an individual from the donor before the individual became a state officer or employee.

~~(l)~~ (k) An item that is given to the general public at an event.

10. "Legislation" means bills, resolutions, memorials, amendments, nominations and other matters that are pending or proposed in either house of the legislature of this state.

11. "Lobbying":

(a) Means attempting to influence the passage or defeat of any legislation by directly communicating with any legislator OR THE GOVERNOR OR THE GOVERNOR'S STAFF or attempting to influence any formal rulemaking proceeding pursuant to chapter 6 of this title or rulemaking proceedings that are exempt from chapter 6 of this title by directly communicating with any state officer or employee.

(b) Includes, for a person who is otherwise required to be registered as a lobbyist for compensation pursuant to this article, attempting to influence the procurement of materials, services or construction by an agency as defined in § 41-1001, including the office of the governor.

(c) Does not include:

(i) Interagency communications between state agency employees.

(ii) Communications between a public official or employee of a public body, designated public lobbyist or authorized public lobbyist and any state officer, except for a member of the legislature, or an employee of the legislature.

(iii) Oral questions or comments made by a person to a state officer or employee regarding a proposed rule and made in public at a meeting or workshop that is open to the public and that is sponsored by a state agency, board, commission, council or office.

(iv) Communications between a public body and a self-employed person or person employed by a partnership or company regarding the procurement of materials, services or construction unless the self-employed person or person employed by a partnership or company is otherwise required to register pursuant to this article or is employed by, supervised by at any level or contracted by a person who is otherwise required to register as a lobbyist for compensation pursuant to this article.

12. "Lobbyist" means any person, other than a designated public lobbyist or AN authorized public lobbyist, who is employed by, retained by or representing a person other than himself, with or without compensation, for the purpose of lobbying and who is listed as a lobbyist by the principal in its registration pursuant to § 41-1232. Lobbyist includes a lobbyist for compensation, A designated lobbyist and AN authorized lobbyist.

13. "Lobbyist for compensation" means a lobbyist who is compensated for the primary purpose of lobbying on behalf of a principal and who is listed by the principal in its registration pursuant to § 41-1232.

14. "Person" means an individual, partnership, committee, association or corporation and any other organization or group of persons, except legislators and political parties qualified for representation on the ballot pursuant to § 16-801 or 16-804.

15. "Personal hospitality" means hospitality, meals, beverages, transportation or lodging furnished but not commercially provided by a person on property or facilities owned or possessed by the person or the person's family.

16. "Principal" means any person, other than a public body, that employs, retains, engages or uses, with or without compensation, a lobbyist. Principal includes any subsidiary of a corporation.

17. "Procurement" has the same meaning prescribed in § 41-2503.

18. "Public body" means the Arizona board of regents, a university under the jurisdiction of the Arizona board of regents, the judicial department, any state agency, board, commission or council, any county, any county elected officer who elects to appoint a designated public lobbyist or any city, town, district or other political subdivision of this state that receives and uses tax revenues and that employs, retains, engages or uses, with or without compensation, a designated public lobbyist or authorized public lobbyist.

19. "Public official" means a person who is duly elected, appointed or retained through election to an elected state, county or local office.

20. "Single expenditure" means an expenditure that provides a benefit of more than twenty dollars to an individual state officer or state employee and that is incurred by or on behalf of one or more principals, public bodies, lobbyists, designated public lobbyists or authorized public lobbyists.

~~21. "Speaking engagement":~~

~~(a) Means the amount of any expense paid or incurred for entrance fees, lodging, food and beverage, entertainment, travel and other expenses for the state officer's or employee's attendance at an event, committee, meeting, conference or seminar, including meetings of state, regional or national organizations or their committees concerned with legislative or governmental activities if the state officer or employee participates in the event as a speaker or panel participant by presenting information relating to the state officer's or employee's legislative or official duties or by performing a ceremonial function appropriate to the state officer's or employee's position;~~

~~(b) Does not include expenditures for an honorarium or any other similar fee paid to a speaker.~~

22. =21. "State employee" means an employee of the legislature OR THE GOVERNOR'S OFFICE, a university under the jurisdiction of the Arizona board of regents, the judicial department or a state office, agency, board, commission or council.

23. 22. "State officer" means a person who is duly elected, appointed or retained through election to any state office, or a member of any state board, commission or council, and includes a member of the legislature.

Sec. 24. Section 41-1232.02, Arizona Revised Statutes, is amended to read:

41-1232.02. Expenditure reporting: principals and lobbyists; gifts

A. Each principal shall report annually all single expenditures, whether or not the expenditures were made in the course of lobbying. These single expenditures shall be itemized separately, and each itemization shall include the date of the expenditure, the amount of the expenditure, the name of each state officer or employee receiving or benefitting from the expenditure, the category of the expenditure and the name of the lobbyist or other person who made the expenditure on behalf of the principal. THE AMOUNT OF THE EXPENDITURE IS MEASURED BY THE BENEFIT RECEIVED BY THE STATE OFFICER OR EMPLOYEE, REGARDLESS OF HOW THE EXPENSE IS DIVIDED AMONG ONE OR MANY PAYORS. ~~In addition each principal shall report annually the aggregate of all expenditures of twenty dollars or less received by or benefitting a state officer or employee, whether or not the expenditures were made in the course of lobbying.~~ The report shall be filed by March 1 and shall list the annual expenditures made on behalf of the principal. If March 1 is a Saturday, Sunday or other legal holiday, the report shall be filed on the next business day.

B. Each lobbyist for compensation and designated lobbyist shall report quarterly all single expenditures incurred in the preceding calendar quarter by the lobbyist for compensation or designated lobbyist, whether or not the single expenditures were made in the course of lobbying. These single expenditures shall be itemized separately, and each itemization shall include the date of the expenditure, the amount of the expenditure, the name of the state officer or employee receiving or benefitting from the expenditure, the category of the expenditure and the principal on whose behalf the expenditure was made. If the expenditure was made by the lobbyist and was not made on behalf of a principal, it shall be itemized separately. The quarterly report shall be filed no later than the last day of the month following the end of the calendar quarter, unless the last day of the month is a Saturday, Sunday or other legal holiday. In that case, the report shall be filed on the next business day.

C. ~~Each lobbyist for compensation and designated lobbyist shall also report quarterly the aggregate of all expenditures of twenty dollars or less received by or benefitting a state officer or employee, whether or not the expenditures were made in the course of lobbying. The report shall list separately the aggregate of expenditures made on behalf of each principal and the aggregate not made on behalf of any principal. In the fourth calendar quarter, these expenditures shall also be listed by cumulative total for the calendar year. Each quarterly lobbyist report shall include all reportable expenditures made by any employee of the lobbyist for compensation or designated lobbyist, regardless of whether that employee is listed as a lobbyist on any registration filed by a principal engaging the lobbyist. The quarterly report shall be filed no later than the last day of the month following the end of the calendar quarter, unless the last day of the month is a Saturday, Sunday or other legal holiday. In that case, the report shall be filed the next business day.~~

D. The reports required by subsections A and B of this section shall identify each single expenditure according to the following categories:

1. Food or beverages.
2. Speaking engagement.
3. ~~Travel and lodging.~~
4. Flowers.
5. 3. Other expenditures.

E. Expenditures by principals and lobbyists such as those for the lobbyist's personal sustenance, office expenses, filing fees, legal fees, employees' compensation, lodging and travel are not required to be reported. In addition, expenditures by a principal or a lobbyist for family gifts, personal hospitality or those items excluded from the definition of gift pursuant to § 41-1231, paragraph 9, subdivision (a), (c), (d), (f), (g), (h), (i), (j), (k) or (l) are not required to be reported.

F. ~~All expenditures incurred by a principal or lobbyist in the case of special events for legislators, including parties, dinners, athletic events, entertainment and other functions, to which all members of the legislature, either house of the legislature or any committee of the legislature are invited shall be reported. Expenditures are not required to be allocated to individual legislators, but for each such event a description of the event and the date, location, name of the legislative body invited and total expenditures incurred shall be reported. Expenditures for special events held in conjunction with state, national or regional meetings of an organization or association concerned or dealing with legislative or other governmental activities to which all state officers or state employees in attendance at such event are invited shall be reported in the same manner.~~

G.F. All information required to be filed pursuant to this section with the secretary of state shall be filed in that office and preserved by the secretary of state for five years from the date of filing, after which time the information shall be destroyed. The information is a public record and open to public inspection.

H.G. If a principal, lobbyist for compensation or designated lobbyist makes no expenditures that it would otherwise be required to report during a specified reporting period, the principal, lobbyist for compensation or designated lobbyist may sign a notarized form prescribed by the secretary of state indicating that there were no expenditures during the specific reporting period.

I. H. A person or organization shall not make a gift to or an expenditure on behalf of a state officer or employee through another person or organization for the purpose of disguising the identity of the person making the gift or expenditure.

J. I. A principal or lobbyist or any other person acting on behalf of a principal or lobbyist shall not give to any state officer or state employee and a state officer or state employee shall not accept from a principal or lobbyist either of the following:

1. Gifts with a total value of more than ten dollars during any calendar year.
2. Gifts that are designed to influence the state officer's or state employee's official conduct.

J. EACH REPORT REQUIRED TO BE FILED PURSUANT TO THIS SECTION SHALL BE SIGNED BY THE PRINCIPAL, LOBBYIST FOR COMPENSATION OR DESIGNATED LOBBYIST, AS APPROPRIATE, AND SHALL CONTAIN THE CERTIFICATION OF THE SIGNER UNDER PENALTY OF PERJURY THAT THE REPORT IS TRUE AND COMPLETE AND THAT THE SIGNER HAS READ AND COMPLIED WITH THE REQUIREMENTS OF THIS ARTICLE.

Sec. 25. Section 41-1232.03, Arizona Revised Statutes, is amended to read:

41-1232.03. Expenditure reporting; public bodies and public lobbyists; gifts

A. Each public body shall report annually all single expenditures received by or benefitting a member of the legislature whether or not the expenditures were made in the course of lobbying. These expenditures shall be itemized separately, and each itemization shall include the date of the expenditure, the amount of the expenditure, the name of each member of the legislature receiving or benefitting from the expenditure, the category of the expenditure and the name of the designated public lobbyist or authorized public lobbyist who made the expenditure on behalf of the public body. THE AMOUNT OF THE EXPENDITURE IS MEASURED BY THE BENEFIT RECEIVED BY THE STATE OFFICER OR EMPLOYEE, REGARDLESS OF HOW THE EXPENSE IS DIVIDED AMONG ONE OR MANY PAYORS. ~~In addition each public body shall report annually the aggregate of all expenditures of twenty dollars or less received by or benefitting a member of the legislature, whether or not the expenditures were made in the course of lobbying.~~ The report shall list all expenditures by the public body made in the course of lobbying for the personal sustenance, filing fee, legal fees, employees' compensation, meals, lodging and travel of the designated public lobbyist and all authorized public lobbyists employed or retained by, and representing, the public body. The public body shall apportion expenditures that are attributable both to lobbying and to other activities of the public body and shall report only the portion attributable to lobbying. For the purpose of reporting employee compensation, a public body, on establishing a time allocation schedule for apportioned lobbying activity based on actual experience under this article, may submit after the 1993 calendar year an affidavit to the secretary of state stating the compensation attributable to lobbying for subsequent years for the designated public lobbyist and all authorized public lobbyists whose job responsibilities have not been significantly altered since the time allocation schedule was established. The report shall be filed by March 1 and shall list the annual expenditures made on behalf of the public body. If March 1 is a Saturday, Sunday or other legal holiday, the report shall be filed on the next business day.

B. Each designated public lobbyist shall report quarterly all single expenditures received by or benefitting a member of the legislature and incurred in the preceding calendar quarter by the designated public lobbyist, whether or not the single expenditures were made in the course of lobbying. Each designated public lobbyist's report shall also include all single expenditures incurred in the preceding calendar quarter by each authorized public lobbyist who is registered pursuant to § 41-1232.01 by the same public body that registered the designated public lobbyist. This subsection does not apply to an expenditure that was made by a designated public lobbyist or AN authorized public lobbyist and that was received by or benefitted an employee of a public body, if the employee is not a member or employee of the legislature or a member of the household of a member or employee of the legislature. These expenditures shall be itemized separately, and each itemization shall include the date of the expenditure, the amount of the expenditure, the name of the member or employee receiving or benefitting from the expenditure, the category of the expenditure and the public body on whose behalf the expenditure was made. If the expenditure was made by the designated public lobbyist or authorized public lobbyist and was not made on behalf of a public body, it shall be itemized separately. The quarterly report shall be filed no later than the last day of the month following the end of the calendar quarter, unless the last day of the month is a Saturday, Sunday or other legal holiday. In that case, the report shall be filed on the next business day.

C. ~~Each designated public lobbyist shall also report quarterly the aggregate of all expenditures of twenty dollars or less received by or benefitting a member of the legislature, whether or not the expenditures were made in the course of lobbying. Each designated public lobbyist's report shall also include the aggregate of all expenditures of twenty dollars or less that were received by or benefitted a member of the legislature and that were made by an authorized public lobbyist who is registered pursuant to § 41-1232.01 by the same public body that registered the designated public lobbyist. This subsection does not apply to an expenditure that was made by a designated public lobbyist or authorized public lobbyist and that was received by or benefitted an employee of a public body, if the employee is not a member or employee of the legislature or a member of the household of a member or employee of the legislature. The report shall list separately the aggregate of expenditures made on behalf of each public body and the aggregate not made on behalf of any public body. In the fourth calendar quarter, these expenditures shall also be listed by cumulative total for the calendar year.~~ Each quarterly lobbyist report shall include all reportable expenditures made by any employee of the designated public lobbyist or authorized public lobbyist, regardless of whether that employee is listed as a designated public lobbyist or authorized public lobbyist on any registration filed by a public body engaging the designated public lobbyist or authorized public lobbyist. The quarterly report shall be filed no later than the last day of the month following the end of the calendar quarter, unless the last day of the month is a Saturday, Sunday or other legal holiday. In that case, the report shall be filed on the next business day.

D. The reports required by subsections A and B of this section shall identify the nature of each single expenditure according to the following categories:

1. Food or beverages.
2. Speaking engagement.
3. Travel and lodging.
- 4.2. Flowers.

5. 3. Other expenditures.

E. Expenditures by a public body, designated public lobbyist or authorized public lobbyist for personal sustenance, family gifts, personal hospitality or those items excluded from the definition of gift pursuant to § 41-1231, paragraph 9, subdivision (a), (c), (d), (f), (g), (h), (i), (j), (k) or (l) are not required to be reported.

~~F. All expenditures incurred by a public body, designated public lobbyist or authorized public lobbyist in the case of special events for legislators, including parties, dinners, athletic events, entertainment and other functions, to which all members of the legislature, either house of the legislature or any committee of the legislature are invited shall be reported. Expenditures are not required to be allocated to individual legislators, but for each such event a description of the event and the date, location, name of the legislative body invited and total expenditures incurred shall be reported. Expenditures for special events held in conjunction with state, national or regional meetings of an organization or association concerned or dealing with legislative or other governmental activities to which all members or employees of the legislature in attendance at such event are invited shall be reported in the same manner.~~

G. F. All information required to be filed pursuant to this section with the secretary of state shall be filed in that office and preserved by the secretary of state for five years from the date of filing, after which time the information shall be destroyed. The information is a public record and open to public inspection.

H. G. If a public body or designated public lobbyist makes no expenditures that it would otherwise be required to report during a specified reporting period, the public body or designated public lobbyist may sign a notarized form prescribed by the secretary of state indicating that there were no expenditures during the specific reporting period.

I. H. A person or organization shall not make a gift to or an expenditure on behalf of a member or employee of the legislature through another person or organization for the purpose of disguising the identity of the person making the gift or expenditure.

J. I. A public body, designated public lobbyist or authorized public lobbyist or any other person acting on behalf of a public body, designated public lobbyist or authorized public lobbyist shall not give to any member of the legislature and a member of the legislature shall not accept from a public body, designated public lobbyist or authorized public lobbyist either of the following:

1. Gifts with a total value of more than ten dollars during any calendar year.
2. Gifts that are designed to influence the member's or employee's official conduct.

~~K. J. Subsection J I of this section does not apply to gifts given by a public body, designated public lobbyist or authorized public lobbyist to an employee of a public body, if the employee is not a public official or a member of the household of a public official or if the gift is accepted on behalf of the public body and remains the property of the public body.~~

K. EACH REPORT REQUIRED TO BE FILED PURSUANT TO THIS SECTION SHALL BE SIGNED BY THE PUBLIC BODY, OR DESIGNATED PUBLIC LOBBYIST, AS APPROPRIATE, AND SHALL CONTAIN THE CERTIFICATION OF THE SIGNER UNDER PENALTY OF PERJURY THAT THE REPORT IS TRUE AND COMPLETE AND THAT THE SIGNER HAS READ AND COMPLIED WITH THE REQUIREMENTS OF THIS ARTICLE.

Sec. 26. Section 41-1233, Arizona Revised Statutes, is amended to read:

41-1233. Prohibited acts

No person shall:

1. Retain or employ another person to promote or oppose legislation for compensation contingent in whole or in part on the passage or defeat of any legislation, or the approval or veto of any legislation by the governor, and no person shall accept employment or render service for compensation on a contingent basis.

2. Lobby the legislature for compensation within ~~one year~~ TWO YEARS after the person ceases to be a member of the senate or house of representatives OR A PUBLIC OFFICER OR EMPLOYEE.

3. In any manner improperly seek to influence the vote of any member of the legislature through communication with that member's employer.

4. Lobby the public body that employed the person in a capacity having a significant procurement role as defined in § 41-741 in the procurement of materials, services or construction within one year after the person ceases to be employed by the public body.

Sec. 27. Section 41-1239, Arizona Revised Statutes, is amended to read:

41-1239. Duties of secretary of state AND THE CITIZENS CLEAN ELECTIONS COMMISSION:

A. The secretary of state shall:

1. Prescribe and publish the registration and registration amendment forms and the annual and quarterly expenditure forms, handbooks and rules necessary to carry out the provisions of this article.

2. Refer to the attorney general or county attorney for investigation any matter which the secretary of state has reason to believe constitutes a violation of any of the provisions of this article.

3. Provide for the cross-referencing of the registration required by §§ 41-1232 and 41-1232.01 so that each lobbyist authorized by a principal pursuant to § 41-1232, subsection A and each public lobbyist authorized by a public body pursuant to § 41-1232.01, subsection A shall be identified with such principal.

4. Advise incumbents and nonincumbent candidates regarding campaign finance laws and public officer reporting and disclosure laws. At the request of the person asking for advice, the secretary of state shall log the request and the response.

5. Compile and issue an annual report of all expenditures reported by principals, public bodies, lobbyists and public lobbyists. The annual report shall accurately summarize all expenditures for lobbying but shall not double report expenditures by a lobbyist that were reimbursed and reported by a principal or public body. The report shall list the name of each principal or public body along with the name of each lobbyist or public lobbyist that is listed on the principal's registration statement.

B. The secretary of state may adopt rules regarding initiative, referendum and recall. Rules adopted pursuant to this subsection apply to statewide and county initiatives, referenda and recalls.

C. COMPLAINTS AND INVESTIGATIONS RELATING TO AN ALLEGED VIOLATION OF THIS ARTICLE ARE SUBJECT TO THE JURISDICTION, PENALTIES AND PROCEDURES ESTABLISHED PURSUANT TO THIS ARTICLE AND THE ENFORCEMENT AND INVESTIGATIVE AUTHORITY OF THE SECRETARY OF STATE AND THE CITIZENS CLEAN ELECTIONS COMMISSION. THE CITIZENS CLEAN ELECTIONS COMMISSION HAS AUTHORITY TO ACCEPT, INVESTIGATE OR OTHERWISE ACT ON ANY COMPLAINT INVOLVING AN ALLEGED VIOLATION OF THIS ARTICLE.

Sec. 28. Saving Clause

This act does not affect rights and duties that matured, penalties that were incurred and proceedings that were begun before the effective date of this act.

Sec. 29. Severability

If a provision of this act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

Sec. 30. Legal Defense

The People of the State of Arizona desire that this Initiative Measure, if approved by the voters, and thereafter challenged in court, be defended by the State of Arizona. By enacting this Initiative Measure, the People declare that the proponents of this Act as named members of the committee in support of it have a direct and personal stake in defending the Act from constitutional or statutory challenges to its validity. In the event that the Attorney General fails to defend this Act or fails to appeal an adverse judgment against its constitutionality or statutory validity, in whole or in part, in any court, the Act's proponents (or any of them individually) shall be entitled to assert their direct and personal stake by defending the Act's validity in any court and shall be empowered by the People to act as their agent.

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SECRETARY OF STATE